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CHINA'S ECONOMIC STRATEGY

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Note from the Editors

The articles in this issue by Paul Sweezy and Harry Magdoff are based on talks given before several university and other audiences after their return from a five-week visit to the People's Republic of China in the fall of 1974. The article by John Gurley, Professor of Economics at Stanford University, is a chapter from his book, *Essays on China's Economy and Mao's Strategy*, which will be published by Monthly Review Press in 1976.

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China's Economic Strategy:

Its Development and Some Resulting Contrasts with Capitalism and the U.S.S.R.

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China: Contrasts with Capitalism

by Paul M. Sweezy

> The materialist doctrine that men are the products of circumstances and upbringing, and that therefore changed men are products of other circumstances and changed upbringing, forgets that it is men that change circumstances and that the educator must himself be educated. Hence this doctrine necessarily arrives at dividing society into two parts, of which one is superior to society (in Robert Owen, for example).
>
> The coincidence of the changing of circumstances and of human activity can be conceived and rationally understood only as *revolutionizing practice.*
>
> —Karl Marx, *Third Thesis on Feuerbach*

You hear a great deal of talk these days about the "world economic crisis." The term is inappropriate and misleading. About a quarter of the world's population lives in the People's

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Republic of China, and there is no economic crisis in China. Quite the contrary. While the United States and other advanced capitalist countries suffer from simultaneous inflation and unemployment—a combination that until recently would have been considered totally impossible—the Chinese have neither. Since the stabilization of the yuan (worth about $.50 at the current official rate of exchange) in the early 1950s, following one of history's wildest inflations in the last year of the Chiang Kai-shek regime, Chinese economic policy has been to keep most prices stable, while allowing some of special importance to the people's livelihood to decline in step with decreasing costs of production. The price of medicines, for example, has come down 80 percent in the last two decades. Rising money incomes in both cities and countryside have therefore meant more than proportionately rising real incomes. At the same time, unemployment, which was as bad in old China as it is in any Third World country today, has been entirely eliminated. On leaving school, which for most Chinese means middle school (the equivalent of our high school), Chinese youngsters are assigned a job; and though they may later be promoted or transferred, they are almost never fired.*

As far as the functioning of the economy as a whole is concerned, this total absence of both inflation and unemployment is the feature of the Chinese system that is apt to strike the visitor from the capitalist world most forcibly. But there are many other contrasts that are equally striking even if less visible, and it is to some of these that I would like to call attention.

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* At several factories we asked under what conditions a worker might be fired and soon discovered that our hosts had difficulty understanding us. The answer turned out to be that in the normal course of events no one is ever fired and that a worker would be separated from his or her job only if a serious crime had been committed, necessitating prosecution and trial. Less serious misdeeds are apparently handled within the framework of the enterprise, with the emphasis on helping offenders mend their ways "under the supervision of the masses."

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II

There are two basic forms of property in the means of production in China, to which two forms of enterprise correspond. The first and quantitatively by far the predominant form of property is collective (group) ownership which applies to both agriculture and much of the small-scale industry in the countryside. The corresponding form of enterprise is the people's commune with its subordinate units, the brigade and the production team. Agricultural production is, for the most part, organized at the team level; rural industry is usually organized at the commune and brigade levels. The other form of property is "ownership by the whole people" to which the state enterprise corresponds. The latter are the more advanced or higher forms of property and enterprise which will eventually embrace the entire economy. Already there are some state farms in agriculture, but it will be a long time before this becomes the normal form of enterprise in the countryside. Here, as in many other aspects of the relations of production, the Chinese, while never losing sight of the direction of movement, are careful to avoid forcing the pace in ways they consider might generate dangerous imbalances and tensions. What follows will be concerned with state enterprises.

The first thing to emphasize about the Chinese enterprise is a complete absence of "bottom-line" thinking and rationality. (The bottom line on an income statement of a capitalist enterprise shows the amount of profit realized or loss incurred during the period to which the statement refers.) In this respect the contrast with capitalism is absolute and total. It is not that the Chinese enterprise is not expected to make a profit. Except where losses (and hence subsidies) are deliberately planned to achieve a high-priority social purpose, income from sales normally exceeds costs, leaving a usually substantial margin of profit. But this entire profit flows directly into the state budget: no part of it remains in the enterprise and no one in the enterprise is in any way affected by its being larger or smaller. All forms of bonuses and piece rates, including those tied to profitability, were abolished in the Cultural Revolution. Every

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enterprise has a welfare fund to be used for such purposes as provision of medical care to the workers, but payments into this fund are calculated as a percentage of the total payroll and are entirely unaffected by the amount of profit or loss. Similarly, the wage and salary structure, although varying somewhat between different localities and industries, is independent of enterprise profitability. In short, there is simply no link between the profitability of the enterprise and the people who make it a living social organism.

A good capitalist, on learning of this, would probably throw up his hands in horror. (Properly trained bourgeois social scientists would have the same reaction.) In terms of his own experience, the nearest analogy would be a corporate income tax of 100 percent, with all personnel, including himself, paid according to a scale over which neither he nor anyone else in the enterprise had the slightest control. This would indeed be the end of his world. Without profit the shares in his company would be worthless; he would have no incentive to work hard or to try to reduce costs or to produce for a particular market demand. If he decided to stay in business at all, he could benefit from doing so only by falsifying all his books and records to cheat the tax collector and steal the shareowners' property; with all capitalists in the same boat, the system would fall into chaos and soon cease to operate altogether. If we were nevertheless to tell our capitalist friend that none of these things seems to be happening in China, his reaction would be highly predictable. Knowing what he knows, or thinks he knows, about human nature, he would immediately jump to the conclusion that only the most extreme forms of coercion and regimentation could possibly keep the Chinese system functioning. There must be, he would say, a rigidly centralized planning mechanism enforced by a system of Draconian extra-economic sanctions—precisely the bloody police state that he and his fellow capitalists have always warned against as the dire outcome of meddling with the profit and market system.

What is the reality in China today? The truth is that it has absolutely nothing in common with our capitalist's nightmare. There is, of course, a central planning authority with administra-

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tive headquarters in Peking, and it exercises firm control over the general lines of development of the Chinese economy. But it does not maintain a huge bureaucracy or issue detailed directives to enterprises all over the country. (A by-product of the Cultural Revolution was a far-reaching dismantling of bureaucratic structures that affected the planning apparatus as well as other state agencies and enterprises.) One of the most interesting and novel aspects of the Chinese system is the extent to which planning is decentralized. At every level of government—province, county, municipality, city district, block, or lane—wide latitude is allowed not only in the implementation of the plan but in deciding how local resources can best be used, which in the final analysis means in the shaping of the plan itself. All visitors are constantly struck by the emphasis at every level on maximum possible self-reliance. This does not mean local independence, still less autarky, but it does reflect a strong sense of regional and local pride, a desire to make the most of resources at hand, not to be a burden on others, and to contribute as much as possible to the overall national effort.*

As far as coercion and regimentation are concerned, one can only say that there are no signs of either, whether observable on the spot or recorded in the relevant literature. All indications are that the Chinese at all levels of the economy work hard, try conscientiously to implement their part of the plan, and on the whole have achieved great successes. Despite the forebodings of our capitalist friend, the system works and works amazingly well.

But this raises some interesting and difficult questions. From his own point of view, the capitalist's diagnosis of the situation

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* A spectacular example of this drive for self-reliance is provided by Lin County in the Tai Hang Mountains which was totally transformed by the construction, almost exclusively by local effort, of the famous Red Flag Canal. Another example, of a different kind but stemming from the same roots, is the dispatch by advanced Shanghai enterprises of whole factories, complete with machinery and staff, to undeveloped parts of the interior. These offspring of China's leading industrial center are in no sense branch plants, such as would be created by the expansion of a New York-based corporation into the South (or Canada or a Third World neocolony); rather they become integrated into the economy of their new home and thenceforth devote their full energies to its all-around development.

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is not at all unreasonable. If Chinese enterprises were suddenly put under the control of a bunch of U.S. capitalists (or, what comes to the same thing, corporate managers), it would be reasonable to assume that the system would indeed founder, and the only way to keep it from total collapse would be to institute a regime of detailed directives and coercive regimentation. Since this would work very badly, the next step would be to begin to "liberalize" the system by assigning a greater role in the allocation of resources to the automatic forces of the market. Profit-oriented behavior would be brought back, pay scales would be spread out and differentiated, bonus and incentive schemes would be added, etc. In short, the country would soon be traveling the capitalist road under the, by then, quite plausible banners of efficiency and freedom.

Why is it that the Chinese system shows none of these signs of degeneration and disintegration? Can it be that China has already succeeded in creating "new" socialist human beings whose motivations and impulses are so radically different from those of their capitalist (and feudal) predecessors that they can successfully operate a huge and complex system unlike any the world has ever seen before? It would be agreeable to be able to answer this question in the affirmative, but unfortunately it would make little sense. What needs to be stressed instead is that the course of events in China today depends not on the motivations and impulses of individuals but on the historical context in which they operate, the kind of leadership the country has acquired in and through that historical setting, and an ongoing class struggle to preserve and extend the gains of the revolution.

III

The historical context is one of prolonged revolutionary struggle, which might be said to go back as far as the Taiping Rebellion of the mid-nineteenth century, against a decadent, inhuman, and quite simply intolerable social order. For the vast majority of Chinese (and by now most of the others have died off or left the country) the peace that descended on the country

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after 1949 and the new economic and social relations that were instituted have brought an enormous improvement in every aspect of their lives. For this quasi-totality of Chinese humanity, the new system has worked, probably beyond the expectations of most. They accept it, approve of it, and are willing and eager to work hard to make it work better. This attitude should be compared with that prevalent under capitalism, a system the vast majority have no reason to admire except that they assume it to be part of the order of nature and feel justified in taking advantage of it to whatever extent possible, regardless of the consequences for others. The difference is between wanting to make the system work on the one hand and wanting to beat the system on the other.

The Chinese revolutionary leadership headed by Chairman Mao has understood from the beginning that new social relations by themselves are a necessary but not sufficient condition to accomplish the Marxian aim (as stated in the *Eleventh Thesis on Feuerbach*) of "changing the world." Not only social relations must change but also people's ideas and values and ways of thinking about the world and each other. And Mao and his followers have never been under the illusion that these changes would automatically follow a change in social relations. This being the case, they have consistently sought by every means available to inculcate, spread, and deepen traditional proletarian values of solidarity, service to others, self-sacrifice. And this effort has been enormously helped by the fact that it is precisely these values and attitudes which promote and improve the functioning of the new social system of planned production for use instead of production for maximum private profit and advantage. Again the contrast with capitalism could not be sharper: as an ethical system, Mao Tse-tung Thought (the Chinese version of classical Marxism) is perfectly compatible with the new social order, while Christianity (in theory the dominant ethical system of the leading capitalist countries) has always stood in stark contradiction to the practical drives of an individualistically oriented, exploitative society.

But this does not mean that China is peopled with new

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socialist human beings: history teaches that such transformations take centuries to accomplish, not decades. What it does mean is that in this early period of socialist history in China a variety of powerful pressures have converged to popularize the new social order, to give it prestige and legitimacy, and to foster behavior ideally suited to its proper functioning. But counter-pressures are also at work, tending to undermine the new social relations and to bring about a gradual reversion to a society of classes, exploitation, and increasing inequalities. These counter-pressures stem partly from the inevitable persistence of old values and ways of thinking in large segments of the population. But this would not be so serious were it not for the fact that at this stage in the development of the new society—and it is a stage that is bound to last for a long time—it is impossible to abolish many very real inequalities that are not only inherited from the past but are produced and reproduced by the current operation of the system. The hierarchical division of labor exists and is constantly reproduced within enterprises and governmental structures, although its form is considerably and encouragingly attenuated in comparison with capitalist institutions.* It is the ultimate aim of Mao's teaching (and classical Marxism) to eliminate the "three great differences" (between manual and mental labor, between city and country, and between industry and agriculture), but only small beginnings have been made so far and the time it will take to complete the process must be measured in generations rather than years or decades. Meanwhile, to each of these (and other) forms of inequality positions of privilege and authority correspond, hence also groups or strata with special interests to protect and/or promote. It might be argued that if only everyone were well enough indoctrinated with Mao's ideas, they would work to eliminate rather than nurture their special interests. But this is an idealist argument which overlooks the fact that the differences are real and must have consequences for thought and behavior. It would be

* This attenuation takes place both through increasing worker participation in the tasks of management and administration and the participation of managers and administrators in work on the shop floor (or the equivalent).

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much more accurate and apposite to argue that the only "natural" bearers of values espoused by Marx and Mao (which center on the imperative to eliminate all real inequalities, though not of course all individual differences) are proletarians who have *no* privileges or special interests and on whom therefore the responsibility falls to carry on the struggle against *all* privileges and special interests. And I believe that whether or not the argument is put in this form, this is in fact what the Chinese mean when they talk about the class struggle in China today. It is not so much a struggle between clearly defined classes as it is a struggle of one clearly defined class, the proletariat, to prevent the emergence and consolidation of a new privileged class which could, as indeed has already happened in the Soviet Union, establish itself as a new ruling class.

If the foregoing reasoning is accepted, it provides the framework of an explanation of one of the most striking characteristics of the entire history of revolutionary China, i.e., the recurrence of more or less far-reaching campaigns against manifestations of rightist-reactionary modes of thought and behavior. Examples are the Great Leap Forward in the late 1950s, the Socialist Education Campaign in the early 1960s, the Cultural Revolution in the later 1960s, and the Campaign to Criticize Lin Piao and Confucius in the early 1970s. The retrogressive forces in Chinese society stem, as I have already indicated, from situations that are unavoidably produced and reproduced by the functioning of the system in its present stage of development. As long as this remains true, they must be met and overcome by constant renewal of political drives to rouse the masses and stimulate them to struggle for the only interests they have, the interests of the entire society.

IV

The different logics that govern the operation of capitalist and Chinese enterprises can be most clearly illustrated by examining their respective reactions to a similar shock occurring outside their control. For this purpose, let us look at the cutoff in delivery of a vital raw material such as took place in the United States

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last autumn when the nation's coal miners went out on strike. On the very first day of that strike the coal-carrying railroads began laying off workers, and the layoffs soon spread to steel and other industries heavily dependent on coal and lacking large stockpiles. The reason for this is obvious: the cessation of coal production made normal operations in the related industries impossible, and from a capitalist point of view it would be totally irrational to continue paying wages to workers who had nothing to do. The result of doing so would be to reduce profits (or increase losses), a course no capitalist management could deliberately choose and still survive.

An exactly similar situation is difficult to imagine in China.* But there are many possible circumstances that might confront a Chinese enterprise with the same basic problem, i.e., inability to continue normal operations because of a lack of one or more crucial inputs. At one factory we visited, essentially this problem came up in the course of a discussion of plan fulfillment. What would happen, we asked, if the plant were to fulfill its plan a month ahead of time and was unable to secure additional supplies of raw materials until the beginning of the next plan period? Would the factory shut down and the workers be sent home until normal operations could be resumed? There was no hesitation about answering: the workers would not be laid off; they would come to work as usual and they would busy themselves doing all sorts of useful things. When we asked for specifics, we were given a long list of possibilities, including cleaning up the factory and grounds, building needed additional work or storage space, repairing and generally preparing the machinery and other

* Nevertheless, it is worth noting that the right to strike was written into the new constitution adopted at the end of 1974, reportedly at the insistence of Chairman Mao. In the Chinese context, however, this would not refer to nationwide strikes over issues such as wages and hours but rather to the right of workers in individual establishments to protest through strikes against abuse of authority. This is essentially an extension of the right of protest which already existed through the device of big-character posters. These came into widespread use during the Cultural Revolution and are still much in evidence in most enterprises, though all big-character posters are not vehicles of protest: they are also used to communicate praise or approval, to "publish" poetry, and for other messages.

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equipment for the resumption of production, devising methods of waste utilization and pollution control, and of course studying the Marxian classics and Mao Tse-tung Thought. There would never be any shortage of things that needed doing, our hosts assured us, and any spare time could be put to good use. After that discussion, we asked similar questions at other establishments and always received essentially the same answers.

Here again, as in the matter of enterprise profits, we see the total absence of "bottom-line" thinking in China. No one even mentioned the possible effect on profits of keeping workers on the payroll during a period of interrupted production. Despite the continued use of prices and wages and of money itself, Chinese economic thinking appears to be running more and more in terms of use values, not of exchange value and still less of profit.

This is an immense step forward and beyond the hopelessly fetishized economic thinking of the advanced capitalist countries and of the United States in particular. It could be the beginning of real communist thinking, in which use values and useful labor will be the direct objects of planning, production, and distribution and social relations will be transparently clear and organized to achieve the maximum satisfaction of genuinely human needs and aspirations. No more than a beginning to be sure, but in the words of the Chinese proverb Chairman Mao is fond of quoting, to make a journey of a thousand li it is necessary to take a first step.

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China: Contrasts with the U.S.S.R.

by Harry Magdoff

During the banquet of welcome in Peking last fall, our host explained why it was desirable to tour the People's Republic of China. There is an ancient Chinese saying, he told us: seeing is believing. Even though we don't come from Missouri, we readily accepted this adage as reason enough for our trip. We did, of course, see and learn a great deal. But it would be foolhardy to imagine that during such a short visit much more than a superficial set of impressions could be gathered. Yet under the impact of stimulating and exciting experiences, the urge to generalize, based on reading as well as direct observation, can hardly be avoided—if only to develop hypotheses with which to pursue further study. What follows, then, is not a travel report but a summary of some ideas that began to form in response to what was seen and sensed.

What emerged from this trip was a greater appreciation of the extent to which the post-liberation economy evolved in a spiral fashion, *each stage dominated alternately by either attraction to or repulsion from key features of the Soviet path of development.* Shortly after liberation, China started with a five-year plan that was decisively influenced by Soviet ideas on social organization and economic development. The later Great Leap Forward, on the other hand, was a clear rejection

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of essential components of this initial program. The crisis that came on the heels of the Great Leap Forward induced a sharp turnaround, back to the Soviet way of doing things. And although the next stage, the Great Proletarian Cultural Revolution, has a much broader significance than merely a change in economic planning, it is in large measure a reaffirmation of the social, political, and economic policies underlying the Great Leap Forward. Because of this alternating attraction and repulsion of the Soviet model, I intend to focus on the contrast between the Chinese and Soviet approaches to development, as seen from the perspective of alternating stages in Chinese economic policy during the past quarter century.

Before getting into our main theme, however, it will be helpful to have some background information on unique features of China's physical environment, especially rainfall patterns, problems associated with the Yellow River, and the relation between arable land and population. The problems of coping with these natural obstacles were, and still are, important considerations in the political struggles that are hammering out a new road to socialism.

Large as China's area is, the amount of arable land available to feed its population and supply raw materials is pitifully small. This can be clearly seen in Table 1, in which China's cropland per capita is compared with that of the United States and the U.S.S.R.

The contrast between the United States and China is especially instructive. The two countries are about equal in size, but after eliminating the area covered by water, mountains, and land too arid to cultivate, China has only between 50 and 60 percent of the cropland available to the United States—to feed a population almost four times as large! The bottom line of the table sums it all up. The United States has somewhere between five and seven times as much cropland per person as China. For the United States this means having ample resources to export a surplus over and above an exceptionally high level of domestic food consumption, and still leave a considerable amount of cropland fallow each year.

Although the data in Table 1 show that arable land per

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capita in the U.S.S.R. is on a par with that in the United States, it is important to recognize that the productive capacity of the land in the two countries is quite different. Land in the Soviet Union, where there is relatively less solar radiation and less rain, is, all other things being equal, potentially less usable than that of the more favorably located United States. Thus, one economist has estimated that if an adjustment were made for the especially difficult soil and weather conditions, arable land in the Soviet Union, in terms of utilization potential, is about 70 percent that of the United States.[1] Even so, the contrast with China is still immense. If we use the adjusted estimate instead of the official data shown in Table 1, and ignore the fact that a reduction in land capacity for the special conditions in China is also warranted, the per capita arable land in the Soviet Union is about 1.3 acres—significantly below the United States, but still three or four times larger than China.

The case of China is obviously of an entirely different

TABLE 1

CROPLAND AND POPULATION

	United States	*China*	*U.S.S.R.*
Population (millions)	210	800	251
Area (million square miles)	3.6	3.7	8.6
Cropland (million acres)	472	252-300	553
Cropland per capita (acres)	2.2	0.3-0.4	2.2

Sources: Population and area data for the United States and U.S.S.R. and for the area of China are standard estimates for 1974. There is no official data on China's population; the 800 million figure is merely a convenient reference point. Cropland per capita would not be meaningfully affected if one used either the much lower estimate referred to unofficially in China or the much higher estimates of some Western commentators. Cropland data: United States—U.S. Department of Agriculture, *Our Land and Water Resources,* Miscellaneous Publication No. 1290, p. 4. Data is for 1969 and includes 88 million acres of land used in crop rotation, some years for cultivated crops and others for pasture. China—Lower estimate is for 1965, as given in Kang Chao, *Agricultural Production in Communist China 1949-65* (Madison: University of Wisconsin Press, 1970), p. 306, which cites a Chinese publication, *Chinese Youth,* 9:16 (1966). Since 1965, however, a considerable amount of land has been reclaimed for cultivation. I am therefore using an upper estimate of 300 million acres. U.S.S.R.—V. Pokshishevsky, *Geography of the Soviet Union* (Moscow: Progress Publishers, 1974), Table 14, p. 96 (1971 figures).

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order. While the United States is blessed with a plentitude of land, and the Soviet Union has enough to be able to limp along even with an underdeveloped agriculture (inadequate investment in irrigation, fertilizers, etc.), China has no alternative but to bend all efforts to squeeze more and more out of its stringently limited land resources if mass starvation is to be avoided and self-sufficiency in food achieved. (Reclamation of land is important but not key to the solution of the problem.) This means multiple cropping (two or more crops a year) and more scientific farming to increase the yield of each crop. As a minimum, a reliable year-round source of water is needed.* This introduces the second major obstacle: the insufficiency and unreliability of the rainfall. Except in the subtropical south, 70 to 85 percent of the annual rainfall is concentrated in four months of the spring and summer.[2] But even that is far from dependable. The wide variation in rainfall is due to the alternating shift of warm, moist winds flowing in during summer and cold, dry air flowing out in winter. Warm, moist summer winds must be cooled sufficiently to produce rains. And for this, in China, "it is necessary to have a northerly or north-east cold air current to lift the southeast monsoon to sufficient height for it to yield its quota of moisture."[3] In other monsoon areas, the required cooling is achieved when the warm air currents come into contact with mountains. Under such conditions, there is one variable (monsoon air) and one constant (mountains). In China, on the other hand, the possibility and extent of rain depends on the coordination of two variables (the meeting of warm and cool air currents), with the result that during the short rainy season there is usually either too much or too little water in some parts of the country.

It is not surprising, therefore, that China's history is dominated by crop failures and periodic famines due to either flood or drought, with both at times occurring simultaneously in different areas. According to Joseph Needham, early Chinese writers took it for granted that every six years there would be a serious crop failure and every twelve years a general famine.

* A study of yields on irrigated and nonirrigated wheat and millet land in China showed a 60 to 70 percent higher yield on irrigated land, according to J. L. Buck, *Land Utilization in China* (Shanghai, 1937).

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Chinese scholars kept detailed records in official dynastic histories for 2,117 years (until 1911), during which they reported a total of 1,621 floods and 1,392 droughts—an average of more than one disaster a year.[4]

The concentration of rainfall alone would, naturally, create river control difficulties, but the frequency of disastrous floods, destroying countless lives and sharply decreasing the productivity of the land, is exacerbated by the conditions of some of the rivers, especially the Yellow River where it flows through the North China Plain. Before reaching the plain, the river passes through the treeless western loess country, accumulating massive amounts of silt. (Loess is sandy soil compacted over thousands of years by the wind in layers sometimes 250 feet deep; it is subject to recurring erosion, resulting in numerous ravines and gullies.) The silt, the stretches of slowly flowing water, and the absence of major tributaries in the last several hundred miles to the ocean add up to what is probably the worst river siltage problem in the world. The average silt concentration per cubic foot is 2.26 pounds, as contrasted with 0.66 pounds in the Colorado and 0.065 pounds in the Nile.*

The time-honored method of dealing with repeated floods has been to build thousands of miles of dikes along the riverbanks. Although they contain the rising water, the dikes cause even greater silt deposits in the riverbed, since they keep the silt from spreading over the countryside. Still higher dikes contain even more silt, and over the centuries the riverbed has become higher than the surrounding plain. New floods break through the dikes and inundate wide stretches of the lower-lying farmland, bringing hunger, disease, and death.

All of this underlines the especially noteworthy achieve-

* "It is estimated that the load [of silt] carried annually is 415 billion cu. meters and that 40 percent of this is deposited in the river bed, while 60 percent reaches the seaboard. Nearly 90 percent of this silt comes from the loess region and enters the main river between Hokow and Shanhsien, figures which give some idea of the seriousness of soil erosion in Shansi and Shensi, where an average of 3,700 tons of soil is carried away annually from every square km. of land. This is 27 times greater than the world average." T. R. Tregear, *A Geography of China* (Chicago: Aldine, 1965), p. 220. The material in this and the following paragraph is based on Tregear's book, where the river is quite properly referred to by its Chinese name, Hwang-ho.

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ment that in this era of food crisis for most of the world's population, China, despite nature's enormous obstacles, has no crisis. On this the testimony of Sterling Wortman, a leading specialist in the field of agriculture, is worth noting. He begins his article in the June 1975 issue of *Scientific American* with the following statement:

> Visitors to China in recent years consistently report that the population appears to be healthy and adequately nourished. In the light of China's reputation as a country where hunger has been no stranger for centuries and catastrophic regional famines used to be almost annual events, many Western agriculturists have reacted to these reports with scepticism. Last year I served as chairman of a group of 12 visitors from the United States, including some of our foremost agricultural scientists, who were able to judge for themselves how matters stood.

After an illuminating technical account of how China tackled its agricultural problems (with little recognition of the crucial issues involved)* Wortman concludes:

> With respect to agricultural production in China now and in the near future our group was inclined to accept the government's assertion that self-sufficiency was achieved in 1971, when some 250 million metric tons of rice, wheat, and other major foodstuffs were harvested. Furthermore, given a continuation of the present aggressive and coordinated effort, it seems that China will be able to achieve substantial increases in agricultural production over the next decade.

My personal impressions were similar to those of many of the Western visitors referred to by Wortman. The buoyant and healthy appearance of the Chinese people in the cities and in the countryside struck home with special force when compared with my memories of a visit to India in 1972. There, where only the blind could avoid being overwhelmed by the depths of misery visible at almost every step in city or village, we saw what pre-1949 visitors to China saw. Poor as China still is, it is on an entirely different planet from the India aptly described in the following:

* He confirmed, incidentally, the substance of Benedict Stavis, "China's Green Revolution," in the October 1974 MR.

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> Back in Calcutta, the familiar feeling of sick and helpless rage, that human beings should be reduced to such a lack of any shred of dignity—as little boys pluck at passing hands, offering shoeshines, as mothers with babies beg insistently for a 10-paise coin, as pimps offer young girls ("very pale skin, only seventeen"), as cripples with twisted limbs or stumps roll in the dust for alms, as whole families bed down for the night on rags spread over the pavements of the city's back alleys and main thoroughfares.[5]

The Soviet Model

China's spectacular progress is, of course, ultimately due to the success of its social revolution. The old power structure was destroyed. The classes that came to power made the basic needs of the masses the primary and overriding priority—a goal that could be achieved only by mobilization of all human and natural resources under the guidelines of an effective national plan. Easier said than done; it would be hard to exaggerate the enormity and complexity of the task: designing and executing an integrated and balanced national plan on socialist lines, in a backward country devastated by foreign invasion and civil war to boot. Even so, the Chinese felt they had one clear advantage. They could learn from the Soviet Union—the pathbreaker for socialist revolution and rapid industrialization.

The Soviet model, though, was far from a "pure" developmental guide. The special historical context of the Soviet Union's birth and infancy, as well as its physical environment, played a decisive role: the Tsarist heritage; the nature of the relationship between workers and peasants; the effects of the civil war; the encirclement and blockade by the capitalist powers; the ever present threat of war, intensified by the rise of fascism; and bitter, internal political and economic struggles as the new society was trying to get its bearings. It is also important to note that the model became, in a sense, self-determining. A symbiosis developed between the development plan chosen and the institutions and vested interests that emerged and then became entrenched. As the planning system matured, the institutions and interest groups became increasingly

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essential for the success of the plan and helped keep the path of development more or less within the channels originally selected, either to foster their own interests or because of their interpretation of what was best for the society. Thus, the institutionalization of the development program limited the alternatives as reforms became necessary, either for coping with new situations or dealing with stifling contradictions.

Meanwhile, in the eyes of communists around the world and in the Soviet Union especially, the evolved planning methods (the way the plan was designed, the organization of its administration, techniques of execution, etc.) took on an appearance of the *ideal* model, or primary manual, for socialist development anywhere. A theoretical framework was eventually constructed to justify every step. In this process, practices and programs, in which general principles were diluted by pragmatic adaptation to specific historic circumstances, became enshrined as laws of socialist development. Five of these principles or "laws" are particularly relevant to important decisions the Chinese were to make.

1. *Agriculture in the service of industry.* One of the major decisions that must be made in any plan of development is the allocation of resources between agriculture and industry. The two branches obviously depend on each other: agriculture supplies food for the industrial labor force and raw materials for the factories; industry in turn produces manufactured goods for farmers. But when resources are insufficient to modernize both backward agricultural and underdeveloped industrial sectors, one of the two must take a back seat. Even if priority is placed on industry, two possibilities remain: either to stress industrial products that serve agriculture (e.g., tools, machines, fertilizer, fuel, and consumer goods) or to emphasize development of an independent industrial base (e.g., metal manufactures and the production of metal-working machinery).

The choice made in Soviet Russia was unequivocal: agriculture was to serve industry, and industry was to be primarily concerned with building a base for rapid self-expansion. The alternatives were not necessarily exclusive: as industry grew so would the supply of manufactured goods for agriculture. But

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at each stage in the decision-making process, the focus was on what agriculture could do for industry, not the other way around.

What should be understood is that, apart from questions about the wisdom of the policies adopted, such a strategy was possible in practice because of large agricultural production. Tsarist Russia had traditionally been an exporter of grain. True, exports were high because of superexploitation of the peasants and mass hunger. Nevertheless, except for years of drought, enough grain was harvested so that consumption levels could be improved by a more equitable distribution of the net supply after exports. The export percentage had the potential to be used by the revolutionary government both to raise the standard of living and to pay for imports of machinery for industrialization (instead of luxury goods for the aristocracy). The obstacle facing the Soviet government was not inadequate output but a failure by farmers to sell their surplus grain in the market. This constraint is dramatically illustrated in Table 2 in a set of figures presented by Stalin in a 1928 lecture.

TABLE 2
GRAIN HARVESTED AND SOLD ON THE MARKET IN RUSSIA

	Total Grain Harvest		*Percent of total sold outside village*
	Million poods	*Percent of total harvest*	
Before 1914:			
Landowners	600	12	47
Kulaks (rich farmers	1,900	38	34
Poor and middle peasants	2,500	50	15
Total	5,000		26
1926-27:			
State and collective farms	80	2	47
Kulaks	617	13	20
Poor and middle peasants	4,052	85	11
Total	4,749		13

Source: Based on data (rounded off) cited in Maurice Dobb, *Soviet Economic Development Since 1917* (New York: International Publishers, 1948), p. 217.

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The story told in the table is simple enough. Grain production in 1926-27 was almost at the prewar level, but the percentage of the harvest sold outside the village declined by half (from 26 to 13 percent). The reason for this reduction is equally clear. Before the revolution the grain that came to the market to feed the cities and to ship abroad was sold by the big landowners and kulaks. The portion that came from the landowners disappeared after land reform, and the land tilled by kulaks declined substantially. Although the post-revolutionary state and collective farms also sold 47 percent in the market, their output was much lower. The poor and middle peasants, who now owned their own farms and accounted for the bulk of the grain harvested, sold far less outside the village: they ate better and, like the kulaks, had little inducement to sell their grain when manufactured consumer goods were in such short supply. Thus, instead of moving to market, grain was either being consumed or hoarded in the village.

The solution to this problem was sought in a whirlwind campaign of collectivization. Large-scale, cooperative farming, it was believed, would bring all or a major part of the agricultural surplus back on the market. It was hoped that total food production might thereby be increased, but the urgent need was to ensure that, even if output only remained the same, a sufficient share would be diverted to feed the industrial labor force. This was different from industrial crops, where an increase in the volume of production was urgently needed by new and enlarged factories.

The key to the success of collectivization was expected to lie in mechanization. With machines, to be supplied by expanding industry, the farmer's work would lighten and the superiority of the collectives would be proven to the peasants. The primary value of big machines such as tractors and combines, however, is to remove drudgery and to reduce the number of people needed to work a given plot of land, thereby freeing labor for the factories. Machines do not by themselves contribute substantially to increased yields if enough hand labor is available. Tractors can at times help increase output—for example, by facilitating deeper plowing or opening up new land. Mechani-

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cal reapers can get the crop in on time, especially in a country like Russia where the frost comes early. Furthermore, tractors took on added significance in the Soviet Union because they replaced the large number of draught animals destroyed during forced collectivization. But all told, mechanization is not an open sesame for solving agricultural problems. With the policy of agriculture serving industry, despite extensive mechanization, the amount of grain harvested in the Soviet Union did not increase significantly until the mid-1950s. The grain harvest was 81.2 million tons in 1950 as compared with 86 million tons in 1913. Although the output was somewhat higher in some years (e.g., 95.6 million tons in 1940) and bad in others, the general performance in the early decades of collectivization resulted in a more or less constant grain output, with the yield per unit of land also hovering around the pre-World War I level. (The grain yield, in centners per hectare, was 8.2 in 1913, 8.6 in 1940, and 7.9 in 1950.)[6] The picture changed dramatically after 1953 with the opening of new lands, an increase in agricultural investment, greater emphasis on fertilizer production, and other measures. With more serious attention paid to agriculture, the yields and total output began to rise significantly. It should be noted, though, that the relative stability until the mid-1950s did not apply to all agricultural products. Even before then production rose substantially in industrial raw materials crops, such as cotton, and in products where private plot operations were especially important, such as potatoes and vegetables.

This is not the place to discuss the array of issues surrounding the past and present agricultural situation in the Soviet Union. No doubt many mistakes were made and much suffering and hardship experienced because of inadequate food supplies and poor distribution of what was available. It is important to point out, however, that objective conditions in the Soviet Union were such that the basic strategy of agriculture serving industry could be sustained—even more so if some of the more grievous errors in the execution of the program had been avoided. There, the aim of forced-draft industrialization asso-

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ciated with agricultural policies that concentrated primarily on allocating the food harvest between town and country, reducing the farm labor force, and raising output of industrial crops was possible. But in other countries the objective situation may be drastically different—especially where meeting the most basic nutritional needs of the population may require huge gains in yield per acre.

2. *Priority of heavy industry.* In the process of industrialization, major emphasis, according to the Soviet model, must be placed on producer goods, especially on producer goods that are needed to manufacture other producer goods. The logic of this approach, especially in light of the historic situation and the aim of building a foundation for socialism, is very clear. Independence required a strong industrial base in metals, fuel, machinery, and electric power. In the long run, it was believed, a well-developed capacity to manufacture producer goods could also result in a greater expansion of consumer goods than if too many resources were allocated to light, consumer goods industries at the beginning. In addition, a strong and self-reliant heavy industry had to be built with utmost haste, given the imperialist encirclement and the high probability of war.

Forceful as the logic of first conquering the commanding heights of an economy may be, serious problems arise when this line of reasoning congeals into a canon of faith: that progress can only be achieved by a faster growth rate in producer goods as compared with consumer goods and that heavy industry must take precedence over light industry until some distant and indefinite future. The significant fact is that the Soviet Union continues to stress heavy industry at the expense of consumer goods and social services, right into the sixth decade after the revolution. No doubt this is due in part to the importance given to investment in the armed services. But it is also likely that the Soviet economy remains in a more general sense (in the words of Oscar Lange) a *sui generis* war economy. It is structured to win selected battles of construction and production rather than obtain a better balance between producer and consumer goods. Furthermore, strong pressure to focus on "modern" durable

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consumer goods (such as autos) is generated by the most articulate and influential sectors of the social structure that grew up alongside the long-lasting "war economy." Here again, heavy industry must be preeminent; added capacity to produce metals and machinery is needed for mass production of such durable goods. Finally, in light of the production relations that have evolved (to be discussed below), far greater reliance is placed on still more heavy industry for advanced mechanization than on the population and its political and social spirit and enlightenment to increase labor productivity.

Taking into account the special reasons for the origin and continuation of the Soviet industrialization strategy, and what can be learned from the weaknesses as well as strengths of that experience, there can be serious reservations about a doctrinal approach to the relative growth rates of the different economic sectors. Scepticism is especially called for in cases where, for example, the struggle to rapidly expand food output cannot, or should not, be postponed and there is a deep desire to avoid leaving the rural areas behind in the modernization process.

3. *Stress on large-scale, integrated, and specialized plants.* Whenever possible, Soviet planners followed three general rules in choosing and adopting designs for manufacturing operations:

1. Large-scale rather than small and medium size plants. The reason for this was, quite clearly, the presumed greater efficiency of large-scale production.

2. Integrated plants—enterprises that produce all, or nearly all, of the processed raw materials, parts, and components, as well as the finished product. (The model was probably the Ford River Rouge plant, long since abandoned, which even produced the castings and glass for its cars.) This preference stemmed, presumably, from the generally backward state of Russian industry and transportation. What good would a modern machine-tool plant be if there wasn't an assured supply of tool steel, ball bearings, and electric motors?

3. Specialized plants. Here the guiding thought was to get the greatest output with a given capital investment. The variety in capitalist models and products was for the sake of competi-

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tion and surely not needed in a socialist society. By specializing in a limited number of products in each sector, it was believed, production goals could be reached sooner and with maximum efficiency.

As in other areas of Soviet planning, there is much to be said for these guidelines. But because of either organizational or doctrinal rigidity, the Soviets tended to go to extremes—resulting in a cumbersome structure dominated by giant plants. The plant-size comparison shown in Table 3 between the Soviet Union and the advanced capitalist countries is instructive.

TABLE 3
DISTRIBUTION OF INDUSTRIAL ENTERPRISES BY NUMBER OF EMPLOYEES

Number of employees in enterprise	*U.S.S.R.** 1963*	*United States** 1958*	*Britain† 1961*	*West Germany** 1963*
	Percent of Total			
Up to 10	0.1	3.9	6.4	2.0
11 to 50	0.7	14.1	7.2	9.4
51 to 100	1.9	9.9	11.6	8.6
101 to 500	19.8	30.2	29.2	28.2
501 to 1,000	15.7	12.2	13.3	13.0
More than 1,000	61.8	29.7	32.3	38.8

* All industry except power plants. The first group includes enterprises with payrolls of up to sixteen, the second, sixteen to fifty.

** Extracting and processing industries.

† Processing industry; the number employed in enterprises with payrolls of up to ten and from eleven to fifty has been calculated by the author.

Source: Ya. Kvasha, "Concentration of Production and Small Scale Industry," *Voprosy eknomiki,* May 1967, pp. 26-31, trans. in *Selected Hearings before the Subcommittee on Antitrust and Monopoly,* U.S. Senate, 90th Congress, 2nd Session, Part 7A, "Concentration outside the United States—Appendix: A Compendium of Supplementary Material" (1968), pp. 4358-62.

Almost 62 percent of industrial employment in the Soviet Union is in large size plants; fewer than 30 percent of U.S.

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plants have more than one thousand employees.* Differences in industrial structure are even more striking at the other extreme. Although less than 3 percent of the Russian industrial labor force is in enterprises with one hundred or fewer workers, this category ranges between 20 and 28 percent in the three advanced capitalist countries.

The impressively large employment in small and medium size enterprises in the United States, Britain, and West Germany is, of course, due in large measure to the nature of capitalism. Many of the smaller firms are in highly competitive and local industries, and they often represent special ways of increasing surplus value for the giant firms by indirect exploitation of grossly underpaid workers and small businessmen. But that isn't the whole story. The patterns shown in Table 3 for the advanced capitalist countries also reflect the fact that small and medium size firms perform useful and efficient functions in the production process. Some of the reasons for this are:

1. Larger firms are not always as efficient as smaller ones when the manufacturing operations require a great deal of flexibility. Much can be learned from the U.S. experience during World War II when machinery for the unusually rapid and enormous expansion of military production came from a large number of relatively small machine-tool plants.

2. Better balance and greater efficiency is often obtained by having smaller firms specialize in the manufacture of parts and components for a variety of industries, and in each case the final product is manufactured in very large plants.

3. Smaller organizations in capitalist economies often serve a useful function as pilot undertakings for the exploration of new technology and new products.

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* These data, it should be noted, do not measure the extent of economic concentration in the United States. The figures reflect methods of operation, not degree of ownership. Giant corporations own many plants, each of which may have more than one thousand workers. Moreover, because of higher productivity in the larger and more advanced plants, the share of total industrial production accounted for by them is considerably larger than the distribution of employment shown in Table 3.

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It is nonetheless true that some of today's advanced technology can be used only on a huge scale and that lower capital and labor costs per unit of output can be obtained when the scale of operations is enlarged. But it doesn't follow that the larger the plant, the greater the efficiency.* Nor does it follow that, in the long run, the "super concentration" adopted in Soviet practice yields the best results even though the policy may have had decisive advantages in the early stages of industrialization. Moreover, apart from considerations of technical efficiency, there are many crucial issues of social policy at stake with respect to choice of technology and size of enterprise in planning for a socialist society. These will be discussed later in connection with the innovations in Chinese planning.

4. *Chain of command.* A not unexpected complement to a warlike economic plan, and one faced with extraordinary practical difficulties, is a determinate chain of command where responsibility for failure can be identified and discipline maintained. In the context of the disorganization remaining after the civil war, the threat of invasion by imperialist powers, the need to create a disciplined labor force for factory work, and the lack of experienced managers—and after experimentation with various forms of organization—the Soviet Union settled on what can appropriately be called a command economy as the most effective solution.

As a result, in this "command economy" a clear line of authority marks the various stages of control from the ministries in Moscow through various departments down to the factory managers. The director of each enterprise, in turn, has sole control and responsibility for the execution of the plan at his

* In fact, U.S. monopoly corporations in a number of industries have found it desirable to decentralize their manufacturing operations. On this and the general question of scale of operation in the United States, see John M. Blair, *Economic Concentration* (New York: Harcourt Brace, 1972), Chapter 5, "Technology and Concentration." In this connection, it is worth noting that the plant-size differences between the Soviet Union and the United States are especially marked in machine-tool and metal-working industries. The average plant size of these enterprises in the U.S.S.R., as measured by number of employees, is thirty-five times that of the United States, as compared with twelve times for all industries.

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level, a responsibility he subdivides further, down to the shop foreman. An attempt was made in 1957 to create a different system: a shift of responsibility for plan design and execution to the regional level and a reduction of the power of the ministries at the top. But this was merely a reform, not a radical change of the long-established command approach, and it lasted only until 1965.)

The dominant theme in this type of organizational structure is personal responsibility for strictly defined tasks and a high degree of control by supervisors over the actions of those down the line. At the factory level this entails an elaborate set of work rules that guide each worker in what should or should not be done.

This form of organization has been instrumental in achieving rapid growth in key industries, especially producer goods. On the other hand, it contributes to important constraints: individual ministries for the different industrial sectors tend to build separate empires with their own supply systems, thus creating waste and duplication. Much more significant, however, are the production relations that have emerged within and alongside this kind of organizational structure. The hierarchical order at each level of economic activity—reinforced by the extensive use of monetary rewards—creates a pattern of human relations that underscores and perpetuates differences in the population, differences associated with the division of labor in factory and office and between those who give orders and those who carry them out.

5. *Reliance on material incentives.* Although homage is paid to the use of moral incentives, the guiding principle in the drive for higher labor productivity and improved management is to push for effective material incentives. At every turn in the road, as Soviet leaders are confronted with a slowdown in the growth rate or problems of waste and inefficiency, there is a new upsurge of interest in greater material encouragement as the solution. As a result, the entire production system is based upon monetary rewards. Most workers in Soviet factories are paid in accordance with how much they produce, though a

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growing proportion are on a time-rate wage basis because automation or specific production methods are not appropriate for piece-rate calculations. Over and above wages, bonuses are used throughout to stimulate output and as incentives for administrative staffs and managers.

Each enterprise has two incentive funds: one for the payment of bonuses to factory and clerical workers, technical staff, and management; the other for employee housing, child care, and the like. The size of these funds is determined by various complex formulas. In essence, however, they fluctuate according to the production and profit achievements of each enterprise.

The intensive concern with material incentives is justified by appeal to Marx's prescription that in the stage of transition to communism payment should be made in proportion to the labor supplied. What is ignored is that Marx conceived of this as a necessary concession to bourgeois ideology and morality, from which a socialist society had to gradually depart. In Soviet development, in contrast, the direction has been to progressively increase, rather than decrease, the dependence on material rewards as a stimulus for individual and enterprise performance.

The Chinese Learn from the Russians

The first few years after the communists came to power in China (1949-52) were devoted to restoring order, rehabilitating the economy, bringing inflation under control, and laying the foundations for a transition to socialism. Dikes had to be rebuilt, the railway system repaired, and existing industries brought back into production. During this period land was distributed to the poor and middle peasants, other major social reforms were instituted (notably, the new marriage law), and fundamental problems in food distribution, conquest of disease, and education were tackled. Foreign and Chinese bureaucrat capital was confiscated and industrialization under public ownership begun. And in the midst of all this, a considerable amount of human and material resources had to be diverted for the war in Korea.

In coping with the enormous tasks of national consolida-

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tion, establishment of new state machinery, and introduction of major social reforms, the new Chinese society had several advantages: the experience gathered in the long years of civil war, which included administration of large territories as well as friendly and close relations with the peasant masses; a well-organized and disciplined Communist Party and army; and a body of knowledge and expertise in economic planning, modern technology, and social organization that could be transferred from the Soviet Union. The reliance on the Soviet experience was aptly and forcefully summarized by Franz Schurmann:

> Before 1949, despite serious differences with Stalin, the Chinese Communists remained consistently loyal to the Soviet Union. After 1949 they tried to create a second soviet on Chinese soil. They translated thousands of Soviet writings on every conceivable subject. They modeled their entire institutional structure on that of the Soviet Union. They adopted an economic strategy directly copied from the Soviet Union; permitted the Russians to draft their First Five-Year Plan; and made Russian the first foreign language of the country. Though such far-reaching Soviet influence can in part be explained by Russian presence in Manchuria and by Chinese dependence on the Soviet Union in the face of unremitting hostility from the United States, one cannot deny the effect of ideological belief.[7]

Schurmann may have put the case too strongly, and there is no independent way of judging to what extent Russian experts participated in the drafting of the First Five-Year Plan (1953-57). But it is quite clear that the plan was patterned, in its design and administrative institutions and methods, after the Soviet model. Illustrative of the resemblance to the Soviet path are the following features of the plan:

1. The main source of capital accumulation was to be found in agriculture. Hence, preeminent attention was paid to diverting surplus agricultural output to the cities and factories. Investment was devoted to the vital area of water, but first priority was given to major flood control projects rather than to local irrigation schemes that were needed as a defense against

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drought and for increased production by multiple cropping. (Protection against floods that endanger human and animal life thus took precedence over reducing crop damage caused by drought and easing constraints on increased output.)

2. Investment in heavy industry, housed in large-scale plants designed to make specialized products, was the central focus of modernization. The core of modern technology called for by this strategy was to be supplied by the Soviet Union, chiefly in the form of over 150 manufacturing enterprises, which Soviet machine-building factories would equip and Soviet technicians install.

3. Economic power, especially in the modern industrial sector, was centered in Peking ministries. Control was exercised in a vertical chain of command down to the factory manager level. This type of organization put a great deal of power in the hands of factory directors and also entailed the use of elaborate management-designed work rules which governed a very precise division of labor. Soviet advisors were used extensively in the construction and operation of new plants, and their advice was especially influential in training inexperienced Chinese managers.

4. Material rewards were used intensively to stimulate individual productive activity and enterprise performance.

The plan and its method of execution did produce a rapid growth in industrial production and noteworthy advances in modernization. But it wasn't long before critical obstacles emerged. The most crucial of these was the lack of sufficient growth in all agriculture. At that time, 80 percent of Chinese light industry (and 50 percent of *all* industry) depended on agriculture for its raw materials. A lagging farm output would therefore hold back consumer goods production, needed either to support farm operations or as a stimulus to peasant labor. A bad harvest would mean a decline in factory production, but a food shortage would be even more important. Food production was insufficient to begin with, and although the new regime's concern for a more egalitarian distribution helped overcome the worst features of the capitalist system, the rapid increase in population emphasized the gravity of a slow

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growth in food supplies. In addition, the special backwardness of agriculture in some areas created extra burdens on a strained transportation system to move food from grain-surplus to grain-deficient regions.

In short, the policy of agriculture serving industry soon came up against the barriers of China's physical environment, the rapid growth of population, and the shortage of transportation facilities. Industrialization could not advance without an upsurge in agricultural output and most assuredly could not succeed at the expense of the agricultural sector.

Serious problems also arose in the cities. The construction and equipment needs of new factories and other major undertakings gobbled up most of the available investment funds, yet they failed to create enough new jobs for the growing population. Between 1949 and 1956 the urban population increased by almost 32 million; one third of this was due to natural increase and two thirds to an inflow of job seekers and their families from rural areas.[8] Not only did this inflate the need for new jobs in the cities, but it also created enormous difficulties in providing housing and social services.

At the same time, the nature of the industrialization program intensified regional disparities. The trouble stemmed from the distribution of industry in Kuomintang days. Because of the earlier predominant role of foreign investment in certain areas, including occupied Manchuria, 90 percent of the modern industry inherited by the new regime was located in five cities along the coast—Shanghai (with 58 percent), Tientsin, Tsingtao, Peking, and Nanking.[9] New industries followed suit by locating in the same coastal areas, since skilled labor, transportation facilities, electric power, etc., were in better supply there. As a result, the coastal areas forged still farther ahead while the inland, more backward regions remained relatively stagnant.

All these difficulties undoubtedly created many tensions and frictions. We have no direct evidence of discontent, although in "On the Correct Handling of Contradictions among the People" Mao Tse-tung refers to small numbers of workers or students going on strike in certain places in 1956. There

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is, however, indirect evidence of growing stress in the type of criticism that began to appear in Chinese publications. Contrary to oversimplified versions of the nature of present Chinese society, debate does take place and varieties of opinion on crucial issues are expressed—within clearly defined limits, of course. And as the First Five-Year Plan unfolded, criticisms, not just gripes, of the plan's fundamental assumptions sprouted. To appreciate the vitality of this trend, one must recognize that, apart from the Soviet influence, another tradition was very much alive. The communists had come to power with extensive experience building a social and economic order, especially when the Border Regions were under their control. Much had been learned from the achievements, the trials and errors, and the contending political lines of that period.[10] The heritage of that debate and experience provided a receptive environment for a dissection of the development path embodied in the first plan.

Theoretical Foundations for a New Departure

Scepticism about the Soviet model began to take more formal and influential shape in two addresses by Mao Tse-tung: "On the Ten Great Relationships" (made to the Politburo on April 25, 1956)[11] and "On the Correct Handling of Contradictions among the People" (made to the Supreme State Conference on February 27, 1957).[12] Rather than overtly criticizing the Soviet path, Mao reiterates the need to learn from Russia but not to imitate, rather to adapt the lessons to Chinese conditions:

> It is perfectly true that we should learn from the good experience of all countries, socialist or capitalist, and there is no argument about this point. But the main thing is still to learn from the Soviet Union. Now, there are two different attitudes towards learning from others. One is the dogmatic attitude of transplanting everything whether or not it is suited to our conditions. This is no good. The other attitude is to use our heads and learn those things which suit our conditions, that is, to absorb whatever experience is useful to us. That is the attitude we should adopt.

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For the present, I will review only those items in these speeches that seem most relevant to the Chinese departure from prevailing Soviet concepts. But first a proviso. Some of the topics were handled by Mao in what seems a tentative and suggestive fashion, reflecting, no doubt, the internal political situation and Mao's subtlety in posing and analyzing contradictions. The full import of what he was proposing became clearer as the Great Leap Forward, which followed on the heels of the First Five-Year Plan, unfolded. What is presented below is not a digest of what Mao said but an interpretation based on hindsight:

1. Although China had from the beginning avoided the errors committed by other socialist countries in neglecting food and other consumer goods, the concentration on heavy goods in the First Five-Year Plan went too far. A better balance was needed, with a greater share of investment allotted to agriculture and light industry (consumer goods).

2. Collectivization by itself is no guarantee that farm output will increase, as was proven in a number of socialist countries. Two of the main reasons for the poor showing of collective farms have been: (1) Peasants bore too high a percentage of the costs of industrialization; they paid too much in the way of taxes and received too little for their produce. (2) Industry neglected the needs of the agricultural sector. Hence, the burdens of collective farmers should be lightened and industry encouraged to make goods that would help get more out of the soil and stimulate farmers to work more intensively. Without saying it in so many words, Mao was calling for a change in strategy from agriculture serving industry to the opposite.

3. Notwithstanding the above strictures, heavy industry must remain in the lead. Modernizing the economy, eliminating backbreaking toil, and becoming truly independent—all this requires an enormous growth in machine-building capacity and other heavy industry. The issue of how best to pursue this goal, however, hinges on the answers to the question: how much and what kind of heavy industry? Even though the major share of new investment must continue to go to heavy industry, care

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must be taken not to choke off the growth of other sectors. As to the kind of heavy industry needed, emphasis should be placed on supplying the machinery and materials needed to manufacture farm inputs and consumer goods.

It is important to understand that the heavy industry sector will be stymied if people are dissatisfied. Hence, more attention must be paid to light industry and agriculture to secure higher and more stable living standards. If heavy industry is built on a solid foundation of greater public contentment, in the long run it will grow faster and be better operated.

Mao Tse-tung does not actually make the following argument, but it seems implied. Heavy industry projects take a long time to complete and put into full operation. The longer the excessive emphasis on such investment continues without yielding a surplus for reinvestment, the longer will resources for accumulation have to come from farm surplus and the longer will farmers' living standards remain low. By paying attention to light industry—including the manufacture of supplies needed to stimulate higher crop yields—two things will be accomplished: (1) Farmers will be able to get more out of the land; their surplus will be larger; and they will find it easier to contribute a share of their output toward accumulation for industry and still higher agricultural production. (2) Since light industry can be built and brought into operation in a relatively short time—especially if small- and medium-scale enterprise and traditional technology are used—it can share the burden of obtaining needed investment financing from the surplus of light industry as well as from agriculture.

4. A totally different program of regional distribution of heavy industry is needed. The most important base for industrialization must remain in the more developed coastal areas; the productive power of these firms should be used to the full. But future growth should take place primarily in the backward interior. Specifically, it is recommended that at least 90 percent of new investment be located inland in order to achieve a more balanced growth for the country as a whole.

5. An attempt should be made to reduce the proportion of investment devoted to military expenditure. The more funds

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needed for nonproductive military goods, the less is available for productive investment.

6. Too much power is concentrated in Peking; within Peking too much power has shifted to individual ministries which send directives down the line to provincial and municipal governments. Meaningful progress, however, requires greater initiative at the local level, which will not be forthcoming unless the provinces and municipalities have greater independence. Organizational changes are needed so that power can be shared by the center and the local authorities.

7. The guiding principle in tackling all major problems—food, natural calamities, employment, education, etc.—must be overall planning (taking into account effects on the *entire* population) and appropriate organization to carry out the plans (after due consultation with all groups concerned and with special emphasis on the limits and possibilities of local conditions). But it should not follow that the government will take care of everyone and everything. A great deal of what needs to be done should be handled by public (nongovernmental) agencies or directly by the masses.

It should be clear from the above that Mao Tse-tung was proposing a fundamentally new departure, not just some minor adjustments in planning.

The Great Leap Forward (1958-60)

The attempt to apply the antibureaucratic and mass line projected by Mao, to overcome the problems of the First Five-Year Plan, and to cope with the unique obstacles of China's physical environment all reached a focal point in the Great Leap Forward and in a decisive swing away from the Soviet model. This new road called for definitive shifts: from heavy industry located in large cities to rural and local industry; from dependence on large-scale operation with modern technology to much greater use of small and medium size enterprise using traditional or intermediate technology; from centralized to decentralized decision-making; from one-man factory manage-

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ment to greater influence by the party committee and production teams; from use of material incentives in industry to the reliance on social responsibility; and from bureaucratic command control to the mass line, i.e., active involvement by the people in initiating projects and participating in making decisions on economic development. It was thought that in this way China could overcome major barriers to economic growth and quickly reach new heights in agriculture and industry.

Instead of relying on capital investment and modern technology as the primary determinants of economic advance and full employment, the Great Leap Forward pursued the opposite principle of relying extensively on the maximum utilization of labor to create "capital." An outstanding illustration of this change was the mobilization of the rural population to maximize water resources. Before the Great Leap Forward, most of the investment in this area was devoted to large undertakings for flood control, financed and planned by Peking. The new departure encouraged local authorities and agricultural cooperatives to organize the labor force and use their own resources for smaller projects on water storage and irrigation. This was obviously for the purpose of assuring a more stable and abundant food supply through multiple cropping and higher yields. (In many cases, the new water flows were used to power small hydroelectric installations, which supplied the electricity to run pumps and other farm equipment.) But the existing agricultural cooperatives were not especially suited to handle all facets of the new line: to plan, initiate, finance, and direct such a multiplicity of projects (which included developing local industry as well as the new water systems) and at the same time to follow up on Peking's call for more intensive tillage (closer planting and deeper ploughing). The large agricultural communes that sprang up in the wave of mass enthusiasm unleashed by the Great Leap Forward became the organizational form for mobilizing and allocating rural labor.

Stimulation of small-scale industry was always on the agenda after liberation, but it had been relatively neglected during the diversion of resources and attention to large-scale

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heavy industry under the First Five-Year Plan. The Great Leap Forward fostered policy changes that opened new vistas for the use of small-scale technology in both cities and rural areas, for example in the dispersion of power to local authorities; renewal of the line that political understanding and willpower can overcome technical backwardness ("reds" can learn and do better than merely wait for "experts"); the emphasis on regional self-sufficiency; and the reorientation of large-scale plants to design production methods, supply equipment, and train labor for small industry, with special attention to the manufacture of supplies for agriculture.

The outcome of this new policy direction was a flowering of enterprise that was financed and operated locally. The largest number of plants in the communes were engaged in processing agricultural products, but there were many establishments manufacturing and repairing agricultural implements, producing fertilizers, and providing construction materials—in addition to the well-publicized backyard steel furnaces.*[13]

Retreat from the Great Leap Forward

In the hasty search for a great leap forward to remove major bottlenecks obstructing industrialization and self-suf-

* The stimulus to local initiative was not confined to rural areas. In the cities a variety of enterprises were begun by housewives, who had never been inside a factory before. One of the highlights of our trip to China was a visit to the Western City District Optical Instrument Factory (Peking), a firm that currently manufactures simple magnifying glasses as well as complicated optical instruments (high-powered microscopes, mine-safety equipment, and an advanced device to measure sugar density in sugar refineries). This factory, now employing 520 workers, was started by 30 neighborhood housewives who got together in 1958 to see what they could do for the Great Leap Forward. After a survey of nearby plants to find out how they could help, they came up with the idea of making lenses (cover glasses) for a watch factory. They rented a few houses to use as a plant, worked for months without wages, built their own equipment (converting sewing machines to grinders), engaged in cultural study, developed skills through experimentation and by observing how such glass was ground. As they learned, they began to make more complicated optical devices and by 1969 their cooperative had reached such maturity that it became a state factory.

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ficiency in food, the country was drastically shaken up, much experience accumulated, and a great deal accomplished that would serve future progress. But this road was beset by failures and great difficulties before long.

1. The excellent crop from the Leap's first full year was followed by a severe agricultural crisis due to three years of extensive floods. These natural calamities were distinguished by their severity (among the worst, if not the worst, in Chinese history) and by the fact that they came in three consecutive years, with no respite.

2. The flood damage was probably aggravated by hasty and uncoordinated water control construction. River embankments and dikes cut for water-diverting channels may have been too weak to resist some of the floodwater. Regulating gates were absent from some dams built to change river levels for water diversion.

3. Agricultural production also declined because of the massive diversion of labor to engineering projects, reducing the work force needed for weeding and, more important, for harvesting; the overenthusiastic application of more intensive farming, such as close planting; and the development of soil salinization due to an absence of drainage systems for the new irrigation arrangements. Some decline in industrial production may have occurred because of the competition for scarce materials by large-scale plants and the uncoordinated, rapidly expanding small-scale firms.

4. In the midst of all this, in 1960 the Soviet Union abruptly withdrew all its technicians assigned to install and help operate the more than 150 key projects at the heart of China's industrialization program. Blueprints were removed, plants left unfinished, and machinery needed to complete installations was not delivered.

Because of severe setbacks in both industry and agriculture, the total national product dropped sharply. Equitable distribution of the woefully inadequate food supply became the overriding task. One of China's remarkable achievements is to have avoided mass starvation during the natural calamity years. This impressive organizational ability was also needed to prevent

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total disruption of industry, in light of the decline in agricultural raw materials and the forced halting of major projects. The question that remained, however, was how to get back to previous levels of production in farm and factory and then advance again.

Return to the Soviet Path (1961-65)

The way chosen by the party leadership in early 1961 to overcome the accumulated problems was to completely reverse most of the Great Leap Forward principles. This decision, it should be emphasized, was quite rational in terms of accepted wisdom. Faced with such a crisis it was not surprising that experienced and determined leaders should turn to the most conservative course: pull in one's horns; abandon experimentation; drop overly ambitious projects; concentrate on the few undertakings that can reasonably be expected to be completed; establish clear lines of administration; impose financial discipline; and emphasize individual (rather than social) responsibility, along with rewards for achievement and punishment for failure.

What emerged was in essence a reestablishment of the main features of the Soviet model. Power was recentralized in Peking and its ministries. The previous type of industrial management reappeared, as did the former factory directors who had been pushed aside during the Great Leap Forward. Engineers, accountants, and other professionals regained authority: "experts" took precedence over "reds." Material incentives were reintroduced in industry. Private plots, which had been abolished in most communes, were returned to commune members and private markets were encouraged. The application of standard economic rationality resulted in relying again on the more developed regions for advances in industrialization, to the neglect of the backward regions. Economic planning shifted back to an emphasis on accumulation, with consequent neglect of consumer goods.

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It should be understood, however, that although the main features of the Great Leap Forward were changed, the reversal was not total and absolute. During each of the contrasting phases of Chinese economic development, some influences remained from the previous stage and new tendencies emerged that penetrated the next. We have had to ignore these interrelations in the present schematic approach. But it is important to point to several aspects of continuity in this period. Because of the critical agricultural conditions and the unusual constraints on development in this sector, special attention was paid to raising crop yields by providing additional supplies and encouraging the spread of scientific farm methods.* Also, although unprofitable local enterprises were curtailed, the consolidation process did not interfere with the expansion of many small and medium size undertakings. And finally, regional self-sufficiency continued to be encouraged.

After several years of return to the Soviet path, the economy was brought back to its previous peak and even reached new highs. But along with the new efforts came tensions that laid the groundwork for the Great Proletarian Cultural Revolution. The command economy engendered a more pronounced elitism and a strengthening of bureaucratic trends. Differences in income and status grew between different social strata: between leaders and the masses, between managers and workers, between intellectuals and workers and peasants. And the gap between advanced and backward regions widened.

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* The decision to give priority to agriculture and initiate a major technical transformation in farming, including emphasis on semi-mechanization, development of new seeds, and fertilizer production, was made in September 1962 at the Tenth Plenary Session of the Eighth Central Committee of the Chinese Communist Party. Also, the early 1960s witnessed a large increase in mechanically irrigated farm lands. For a discussion of this, see the important study by Benedict Stavis, *Making Green Revolution: The Politics of Agricultural Development in China,* Center for International Studies, *Rural Development Monograph* No. 1 (Ithaca: Cornell University, 1974).

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The Great Proletarian Cultural Revolution And After (Since 1966)

Much has been written about the Cultural Revolution; it is not my intention to review this remarkable phenomenon here, but to note that this revolutionary transformation succeeded in bringing back some of the principal policy innovations of the Great Leap Forward—marking a renewed, vigorous, and more conscious departure from the Soviet path. Such a major turnaround was, of course, no easy task. The problem was, on the one hand, to avoid the excesses and errors of the Great Leap Forward and, on the other, to make the best use of the practical achievements of the 1961-65 consolidation.

Progress toward these objectives was advanced by the very struggle that characterized the Cultural Revolution. A more effective application of Mao's mass line required better mass education. Standard teaching would not do. Lectures by propagandists and pouring ideas into people's heads might do some good but would not develop the kind of people who could make the most of decentralized power. Mass participation in the making of revolution, on the other hand, provided an altogether different kind of education; it helped train vast numbers to become masters of their own destiny. Among other things, vast numbers of people engaged in critical examination of and debate over alternate paths of development.

It is important to recognize how deeply the ideology that arises to justify and hold together a command economy can penetrate the minds of people. Dissatisfactions among the masses and instinctive appreciation of the dangers of such a society tend to be suppressed and reduced to lower levels of consciousness under the pressure of generalizations about the practical necessity of the way things are going. A significant outcome of the Cultural Revolution was the increasing recognition that alternate methods of organization and development were feasible and needed to be tried. Decisive sections of the population became acutely aware that excessive reliance on bureaucratic controls and overemphasis on selected production goals, enterprise

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profitability, and material incentives had serious consequences such as strengthening capitalist tendencies, perpetuating differences among various strata in society, and favoring some interest groups over others. Moreover, out of the struggle came an increasing acceptance of Mao's proposition that a fundamental restructuring of basic attitudes, along with greater trust in the initiative and responsibility of the masses, would prepare the necessary seedbed for socialist transformation and lead to a more substantial development of the economy. Out of the turmoil and experimentation of the Cultural Revolution, and the experience gained from the failures and achievements of previous phases of development arose these salient features of current policies:

1. Heavy industry, light industry, and agriculture are developed simultaneously. The central focus for the modernization of an independent economy remains, as it must, heavy industry. But—and this is a crucial but—the growth of heavy industry is not promoted at the expense of the other two sectors. Furthermore, large-scale plants in heavy industry have been assigned tasks to develop technology and equipment for smaller, less mechanized plants, and to assist light industry and agriculture.

2. Expansion of light industry is pushed in order to improve the daily living conditions of the people. In the context of the Chinese style of planning, light industry creates more and a faster accumulation of capital than heavy industry does. Costs in the early stages of heavy goods production are unusually high. To encourage the use of these products, and thus promote their further development, low profit rates are added to costs in establishing their price schedules. In contrast, higher profit rates are set for the wares manufactured by light industry; hence, more profit is made per yuan of investment in the latter. In addition, the investment in light industry can be recouped much faster (usually in about two to three years), not only because of the higher profit rates but also because of the speed with which plants can be started. A fair size light industry plant can be built and equipped in about a year, compared with three to five years for a steel mill.

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Note the contrast in thinking between Chinese and Soviet planning. The strategy in the Soviet Union is first to build heavy industry, much of which is used to create still more heavy industry and another part to equip large and modern consumer goods plants. In China many consumer goods plants are built on a smaller scale, using less advanced technology, but as they increase in number they in turn offer a wider market for the producer goods being developed at the same time. When the heavy goods plants come into their stride, they will find a ready demand from light industry for mechanization and further expansion.

3. The policy of encouraging light industry has eased agriculture's burden. In earlier stages, when industrial production was low, about 70 percent of state revenues (the source for financing industrial expansion) came from agriculture, according to representatives of the State Planning Commission. Today, according to the same source, only 10 percent comes from the agricultural sector; the remaining 90 percent is raised by taxes and the profits of industry (manufacturing, transportation, communication, and trade).

4. As the state's income from industry grew, agriculture's tax contribution was cut—from 12 percent of value of production to 6 percent. This reduction, plus the larger surpluses from higher crop yields, meant that the communes have been able to increase investment for their own benefit: to strengthen their ability to resist natural calamities; to add mechanical devices for lightening work; to invest in irrigation, fertilizers, and improved seeds for more agricultural output; and to build their own manufacturing enterprises. Although the government did not have to divert investment funds from heavy industry, other forms of government assistance to agricultural development have increased—for example, technical assistance to advance scientific farming and stimulation of heavy and light machinery to develop products and technology for local manufacture of farm equipment, irrigation and drainage supplies, and fertilizers.

5. The simultaneity principle applies equally to size of plant and type of technology. The current ideal in China is to have large, medium, and small factories side by side, using indigen-

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ous as well as modern technology. The advantages of small and medium size enterprise are numerous: more effective utilization of the rural labor force, which is idle part of the year and in short supply at seasonal peaks; the use of regional raw materials that are most abundant and not required by large-scale heavy industry; flexibility in manufacturing different types of products to fit local conditions (designing farm equipment best suited to specific soils, land structure, and crop composition); lower transportation costs; and investment savings through use of local labor (often voluntary) for plant and machinery construction.*

This is not to deny that costs of production and the prices of final products are frequently much higher in small than in larger plants. But it is equally true that if China waited until it was able to import or manufacture all the modern equipment needed, there would have been a very long wait. Currently, we were given to understand by members of the State Planning Commission, about half the synthetic chemical fertilizer and cement consumed in China is manufactured in small plants.

The paradox in this style of development is that encouraging and relying extensively on relatively small and local industry does not detract from the growth of heavy industry. The latter still takes the lion's share of the government's financial investment. Dependence on local initiative, extensive use of labor-intensive technology, exploitation of a wide variety of otherwise unused raw materials and waste products—all of this relieves the government of many responsibilities to meet the needs of consumers and farmers. The reduced drain on the government's resources added to the flow of profits and taxes from small industry results in more, not fewer, funds available for heavy industry. All this is in addition to the direct contribu-

* Not infrequently, when a commune or country decides to set up a brick, cement, or fertilizer factory, whole families show up on their days off to put up the needed building—much as neighbors in a more affluent society might get together to erect a community center. Equipment costs are often especially low because the machinery (in large as well as small plants) is constructed inside the factory by the workers themselves, with or without the assistance of engineers.

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tion made by some small plants in manufacturing supplies and components for larger enterprises.

Thus far I have stressed the technical and financial advantages of smaller installations. The social by-products are equally, if not more, important. The simultaneous growth of small, medium, and big enterprise narrows the gap between regions because smaller plants contribute to the industrialization of backward areas. These more easily and more quickly built enterprises help train workers, administrators, and technicians who later become the nucleus for starting more advanced large plants. In some industries, the small plants—after mastering production techniques, learning to make machines, and reinvesting a share of their profits—grow into large plants. The stress on small enterprise also helps reduce the differences between town and country. In other planned economies, one often finds a sharp contrast between the amount and variety of consumer goods in a few large cities and in the rest of the country. Dispersion of small plants overcomes transportation and other distribution obstacles, leading to a better supply of consumer goods in villages and towns.

Finally, the smaller installations are, in a broad sense, useful contributors to the promotion of democratic relations. Large plants based on modern technology lead most readily to authoritarian forms of management: the complexity of internal planning and the degree of coordination required create strong barriers to meaningful worker participation in managerial decisions. In smaller enterprises, on the other hand, a closer relationship between managers and workers is feasible; there is much more opportunity for workers to take initiative and to participate in worker-management arrangements that are more than a façade.

The social and technical advantages of smaller enterprises, however, largely evaporate in an adverse environment. Bureaucratic control from the metropolis (or by local authorities, for that matter) stifles initiative and flexibility. To get the full benefits of the simultaneous growth of different types of factory organization and technology, sufficient power and freedom of action must be transferred below. And for this, the masses and

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the lower levels of authority must be trusted to learn from their own mistakes.

6. Great stress is put on self-reliance in technological progress. In the main this means that apart from technological innovations, manufacturing enterprises are expected to build their own machine tools and other equipment for expansion or replacement rather than waiting for deliveries in some distant future from specialized machine-building shops. The main thrust is for each plant to assign a group from management, engineering staff, and machine operators (the "three-in-one" combination) to design and build the needed equipment. One of the startling experiences for a visitor is to note the extent of this activity. Thus we found in one factory (in Shenyang, engaged in supplying a good part of Northeast China with twelve horsepower tractors) that about 60 percent of the machines used, including boring, milling, and drilling machines, were built in the factory itself.

It is hard to avoid speculating on the degree to which Soviet withdrawal in 1960 from major industrial projects stimulated the urge to self-reliance in technology. A not dissimilar trend emerged in the early industrial development of the United States. Back in 1785 Britain, the then leader in machinery manufacture, enacted legislation to prevent the export of tools and machinery, models and plans of machines, and the emigration of skilled mechanics and factory operatives. This prohibition under the conditions of nascent capitalism in the United States spurred an independent development of machine tools and textile machinery and a rapid flowering of skilled mechanics, as well as the creation of important innovations in machine technology.

The role of machine operators in the construction of new and traditional types of equipment recalls in some respects the first industrial revolution, when the most important machine builders and innovators, especially the designers of modern machine tools, were on the whole manual workers.[14] The policy in today's China of relying on the creative talents of factory workers, as well as engineers and management, has resulted not only in the enrichment of mechanical skills at every level of

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industrial activity, from the repair shop of an agricultural production brigade to the most advanced modern factory, but also in the growth of an indigenous ability to design and adapt machinery. In contrast with the typical underdeveloped country, what is emerging in China is a breed of mechanics who can shape raw bars of metal into accurate machine parts, an order of skill that is fast disappearing in advanced capitalist countries.

7. The formula "walking on two legs," which summarizes the multisided approaches discussed above, can be applied as well to the distribution of power among the center (Peking), provinces, counties, and towns. There is no doubt that the Chinese economy is operated by national planning. And no matter how much the lower bodies and the people are consulted, final decisions on the major principles and policies of the national plan are determined by the top echelons of party and state. The unique feature of China's planning, however, is that lower levels are given a degree of authority to work out their own quotas and independently carry out production, construction, and distribution programs within their jurisdiction. For this reason, the national planners set aside a portion of the resources under their control for responding to initiatives and other changes arising from below.*

Since 1970 most enterprises formerly controlled by Peking ministries have been transferred to the jurisdiction of provinces and cities. Only railways, ocean transportation, civil aviation, part of the telephone and telegraph system, and a small number of important factories (including, presumably, defense production) are now under national management. The remaining large enterprises, such as the huge iron and steel complex in

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* The extent of flexibility is an impressive feature of the Chinese economy. Reserves for unanticipated developments are common at each level of authority. Production plans usually include healthy allowances for the manufacture of spare parts—more, it seems, than one usually finds in a planned economy geared to maximum output of end products. It is also surprising to discover so many variations in management practices in different factories and communes.

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Anshen, are under the dual control of the relevant Peking ministry and local authority. Otherwise, plants that produce goods used primarily within a province are supervised by provincial authorities. Similarly, enterprises serving smaller areas operate under county auspices, and communes are responsible for all their operations in factory as well as field.

Local levels of government are also given resources for self-financing of industry in their areas. Provinces, cities, and counties transfer the profits and taxes they collect up the line of authority to Peking, but a portion of these revenues are retained locally, the richer areas retaining a smaller portion than the poorer areas, with some of the latter receiving subsidies from the center.

8. The policy on incentives is also multisided. Material incentives are definitely still widely used, but the guiding principle is to gradually, yet deliberately, move from reliance on individual to social responsibility and hence to work toward an eventual elimination of such rewards. At present, there are variations in wage scales set by the central government: between different types of industries and communities (e.g., large city and country) and between eight grades of work (depending on the skill, experience, and political responsibility of the individual worker). The general rule is to narrow the gap between management, engineers, and workers, and between government officials, professionals, and workers. The most important innovation of the Cultural Revolution, reminiscent of the Great Leap Forward, has been the elimination of piecerate wages and the payment of bonuses according to the achievements of individuals and enterprise units. The purpose was to reduce individual competitive rewards as a goad to the better performance of the enterprise as a whole.

An instructive sidelight on the difference between individual and social responsibility is the program in which large, experienced factories help establish similar operations in less developed areas. This means moving a complement of managers, technicians, and skilled workers, together with blueprints and some machines, to provide the core of a duplicate enterprise.

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Anyone acquainted with the practical aspects of running an enterprise knows how much an unremunerated transfer of skilled personnel can cut into profits. If improving profits and/or surpassing production quotas were the goals of each firm—and the income of management and workers was strongly affected by the level of that firm's profits and production—resistance to such a weakening of the profit and production base might well be expected. Yet, under present Chinese planning this sort of sharing of skills and experience is an important contribution to the industrialization of the backward areas.

Although material incentives have been considerably downgraded in the industrial sector, where proletarian consciousness is more advanced, they abound in rural society. There are rich and poor communes, and each has an opportunity to reach higher standards of living if the brigade or commune can manage to increase its productivity and profit. But communes are also expected to suppress individual goals, to some degree, for the sake of social needs. An example is a shift in crop composition to achieve regional self-sufficiency in basic foods. Thus communes that could gain higher profits by concentrating on vegetables instead of grains have reduced their vegetable growing in order to contribute to their region's self-sufficiency in grain production.

In addition to material incentives for the commune as a whole, there are significant incentives for individuals. The income of each family varies with its size, number of days worked each week by each family member, and number of work points assigned to the different kinds of farm tasks performed. Important modifications are under way, however, to weaken the role of monetary rewards. One is to have work points determined not by management but by all the farmers in the team or brigade, depending on the accounting unit used in the commune.

Even more important is the trend in the more politically advanced communes to determine each family's share only once a year, or at least at much longer intervals than once a month. This is an attempt to remove an ever present concern

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with one family's income as compared with another's and to substitute concentration on the achievements of the group as a whole.

In the broadest sense, the entire economy is geared to material incentives, because the work effort of the population is directed to an increase in the supply and variety of consumer goods. The issue, though, is how to distribute the enlarged supply: whether those who contribute most through harder work and superior skills should get a proportionately higher share or whether egalitarian principles should prevail. China's current approach is to blend realism with idealism. The realism consists of taking into account the long history of individualism, which was generated by the economics of previous social systems and compounded by insecurity from frequent natural calamities. The idealistic trend, in which the consciousness of social responsibility is expected to be the prime stimulant of work performance, asserts itself through political education and the gradual modification of monetary rewards in the direction of egalitarianism. For the blend to be successful, it has to be adapted to the level of political development—the degree of proletarian consciousness—in each sector of the population. In short, in the area of incentives as with other key concerns, the resolution of contradictions is not approached as an either-or proposition but is tackled by relying on the mutual influence of the opposite elements of the contradiction, in a process leading to a higher level of operations.

Chinese leaders are intensely aware of the fact that the transition from the rule of individualism to social responsibility will take a long, long time—perhaps several generations, perhaps centuries. But they are equally convinced that their goals will be idle dreams unless the road to these ends is first entered upon and struggles to persist on that road are seriously pursued.

In this connection, the stark contrast between Soviet and Chinese methods is most illuminating. The Soviet Union justifies its ways with reference to Marx's *Critique of the Gotha Program*, in which he distinguishes between two stages in the development of communism. The first describes the situation

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when the new social order "*emerges* from capitalist society, which is thus in every respect, economically, morally, and intellectually, still stamped with the birth marks of the old society from whose womb it emerges." In this stage bourgeois morality, and therefore the principle of equal exchange, prevails: each producer gets a share of the social stock of consumption goods in proportion to the quantity and quality of the work he or she performs. Soviet theorists rigidly separate the first from the later, more egalitarian epoch of full communism. According to their thinking, it seems, the individualistic "bourgeois birth marks" are so strong that it is not reasonable to expect the communist slogan—"From each according to his ability, to each according to his needs"—to work until there is such an abundance of consumer goods that people will not have to struggle over who gets what. Because of this mechanical kind of thinking, by which one sees only the extremes and not the interrelations between the opposites in a process of development, the Soviet procedure is to keep strengthening the material incentives, as discussed earlier. This then produces its own logic. The increased use of material incentives leads to greater inequalities, or at the very least, to further entrenchment of differences among the people. The inequalities reemphasize the "bourgeois birth marks," so that a greater reliance on individualism is needed to increase productive effort.

This sort of environment pushes the second stage of full communism further out of sight, for still another reason. The policy of strengthening inequalities puts its stamp upon the consumption goals of society, since the upper strata prescribe the kind and number of goods to be produced to satisfy their desired way of life. Assuming, as the Soviets do, that the "bourgeois birth marks" will be erased only when the material conditions are ripe, these questions remain: at what point will there be enough goods to go around? doesn't this depend on the style of life to which the society aspires? will the conditions for communism ever be reached if the production decisions and the ideas of abundance are subject to the rising expectations of those who are most privileged and who get the highest material rewards?

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The Chinese theoretical approach is to avoid a mechanical separation of the two stages and to concentrate instead on their interrelations.* First, they stress Marx's argument that the principle of equal rights (each worker receiving an income proportional to his or her effort and skill) is bourgeois in essence and leads to inequality. As Marx spelled it out, "with an equal performance of labor, and hence an equal share in the social consumption fund, one will in fact receive more than another, one will be richer than another, and so on. To avoid all these defects, right instead of being equal would have to be unequal." But if "bourgeois equality" tends to perpetuate itself, as seen in the Soviet experience, when and how does one move from bourgeois to proletarian principles? This leads to the second point in China's way of thinking, which, I believe, flows from another passage of Marx's Gotha Program critique:

> In a higher phase of communist society, *after* the enslaving subordination of the individual to the division of labor, and with it also the antithesis between mental and physical labor, has vanished; *after* labor has become not only a means of life but itself life's prime want; *after* the productive forces have also increased with the all-round development of the individual, and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: From each according to his ability, to each according to his needs! (Emphasis added.)

The decisive word in the above citation is "after." The Chinese interpretation of the above is that (1) the precondi-

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* In actual practice, it may turn out that there are more than two stages in the advance to communism. Marx surely did not intend to specify the exact route. The main point he made in this respect was directed to the concept of stages, which he illuminated by showing the necessity for two phases in an evolutionary development. But the problems arising at different times and in contrasting national circumstances may reveal the need for more stages. For example, the transformation of the communes from being the property of the members to that of the people as a whole may yet represent another intermediate stage. For the Chinese, the important thing is to recognize evolutionary change as an ongoing process, in each of whose stages the seeds must be planted for the next one.

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tions of the later communist stage have to be built in the earlier transition period, and (2) these preconditions are not concerned with material abundance alone but with human relations. As they see it, the transition process to socialist production relations covers, in addition to public ownership of the means of production, the nature of relations among people in the productive process and the way the social product is distributed. Hence the major concern that exists in today's China (despite the backward state of productive resources) is with measures that tend to reduce differences arising from the division of labor between city and country, manual and mental labor, and management and employees. (Concern with this issue is of course the reason why such pressure is generated to have cadres and intellectuals work for periods of the year as factory or farm workers, and for the educated youth to be sent to the countryside.)

Accordingly, the multisided approaches to the issues discussed (relations between agriculture and industry, heavy and light industry, small-, medium-, and large-scale production units, material and moral incentives) and to other contradictions not explored here (such as worker-management relations in factory and field) have been designed with political objectives in mind, not just practical conditions. At the same time there is a crystal clear awareness that the ultimate fulfillment of these political objectives—the elimination of differences among the people and the attainment of socialist production relations—is in the far distant future and will involve many political struggles in the years ahead.

By Way of Conclusion

What I have presented here is a personal view of only some salient elements in the progress of the Chinese economy. As indicated at the outset, this is meant to be only a framework for further analysis and study. But before closing, several points need to be added to round out this framework:

1. Any examination of Chinese developments must constantly keep in mind that the economy is very poor, when

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viewed in terms of production resources and material wealth. The achievements have thus far been phenomenal but China still has a very, very long way to go on the road to industrialization and the creation of comfortable working and living conditions for the masses.

2. Every aspect of the society needs to be seen as undergoing a process of change. It would be idle to imagine, for example that progress toward the goal of revolutionizing the way people think has been more than partially successful. It is more reasonable to think in terms of a progression, at times slow and at other times accelerated, toward higher stages of proletarian consciousness. In the meantime there are, and will continue to be, varying degrees of socialist attitudes and behavior, ranging across the spectrum from the most backward to the most advanced sections of the population.

3. Further movement along Mao Tse-tung's path will depend on the degree of success, and the rate of speed, with which an increasingly larger percent of the population moves through the various stages of backward, intermediate, and advanced forms of socialist thought and action. This movement can only occur, and sink deep roots, through struggle that is not merely ideological but that reflects and deals with real contradictions and tensions within the society.

4. The potential areas of tension and dissatisfaction are numerous. Some especially relevant ones are: the persistence of regional differences; the gap between rich and poor communes; the difference between wage scales in the factory and income on the commune; the persistence of Confucian hierarchical attitudes; the pressures arising from the transfer of educated city youth to rural areas (a program with extremely valuable social objectives but difficulties for both parents and children); the changing attitudes to consumption needs as consumer goods become more plentiful; and the social attitudes of rising generations who have had no experience of precommunist China and of revolution to learn from.

5. The contradictions among the people diagnosed by Mao Tse-tung continue; their concrete form naturally changes with new conditions and further progress. The problem, as the

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Chinese see it, is to distill the various contradictions into a clearer awareness that at bottom they are resolved in the struggle between bourgeois right and morality and proletarian consciousness.

In view of the protracted struggle required to work out existing and upcoming contradictions for further advance on the socialist road, one should not expect that future developments will follow a straight and easily predictable line. Whatever setbacks and twists and turns lie ahead, however, one thing above all is paramount. The transformation of China's society, the lessons it has already taught the world about what the path to socialism really is and what needs to be done to meet the basic needs of all the people in an impoverished country—all this adds up to one of the major turning points in the history of humanity.

Notes

1. Colin Clark, *Review of Economic Progress* (Brisbane, Australia) I:6,7 (1949), cited in Joint Committee on the Economic Report, *Trends of Economic Growth* (Washington, D.C.: U.S. Government Printing Office, 1955), p. 101.
2. T. R. Tregear, *An Economic Geography of China* (London: Butterworth, 1970), calculated from data on p. 30.
3. Coching Chu, *Journal of the Geographical Society of China* I:1 (1934) as cited in T. R. Tregear, *A Geography of China* (Chicago: Aldine, 1965), p. 24.
4. Joseph Needham, "The Nature of Chinese Society: A Technical Interpretation," a public lecture published in University of Hong Kong *Gazette,* May 15, 1974.
5. Derek Davies, "Travellers' Tales," *Far Eastern Economic Review,* July 1, 1974.
6. Data on grain harvested and yields are from *The Soviet Planned Economy* (Moscow: Progress Publishers, 1974), p. 319.
7. Franz Schurmann, *Ideology and Organization in Communist China,* 2nd ed., (Berkeley: University of California Press, 1968), p. 40. The significance of this book became increasingly evident as I examined the experiences gathered during my trip to China. Adjit Singh, "Political Economy of Social-

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ist Development in China Since 1949," *Economic and Political Weekly,* November 24, 1973 (published in Bombay) was also very helpful for this analysis.

8. From a Chinese source cited by Schurmann, op. cit., p. 381.
9. Yuan-li Wu, *The Spatial Economy of Communist China* (New York: Praeger, 1967), p. 11.
10. See Mark Selden, "The Yenan Legacy: The Mass Line" in A. Doak Barnet, ed., *Chinese Communist Politics in Action* (Seattle: University of Washington Press, 1969) and Jack Gray, "The Two Roads: Alternative Strategies of Social Change and Economic Growth in China" in Stuart R. Schram, ed., *Authority Participation and Cultural Change in China* (Cambridge: Cambridge University Press, 1973).
11. Stuart Schram, ed., *Chairman Mao Talks to the People* (New York: Pantheon Books, 1974).
12. Mao Tsetung, *Selected Readings from the Works of Mao Tsetung* (Peking: Foreign Language Press, 1971).
13. For data on this, as well as a useful analysis of the development of small industry, see Carl Riskin, "Small Industry and the Chinese Model of Development" in *The China Quarterly,* April-June 1971.
14. See Joseph Wickman Roe, *English and American Tool Builders* (New Haven: Yale University Press, 1916).

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The Formation of Mao's Economic Strategy, 1927-1949

by John G. Gurley

Since 1949 China's economic progress has been vigorous, not only in the central sectors of industry and agriculture but also in such diverse areas as military production, medical care, and education. These achievements have elevated China to a world power and have raised the living standards of the vast majority of the Chinese far above their pre-1949 levels. They have, concurrently, given the people greater security in their daily lives by virtually eliminating famines and epidemics. Much of the economic and social advancement has been contributed by the women of China, whose own lives have accordingly been greatly improved.

A large share of the credit for these accomplishments belongs to Mao Tse-tung, who has, from 1949 on, shaped much of China's economic development efforts. Mao's own ideas about how his country should develop after liberation were fashioned from his voracious reading and practical experiences during the previous three decades. These were the years during which his early economic theories and policies were formulated, not only in the quiet contemplation of Marxian literature but also in the fiery crucible of the Chinese revolution.

When Mao gained power in 1949, decades of economic experience lay behind him: in land reforms, cooperative and

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mutual-aid efforts, the regulation of prices, rents, and interest payments, and production campaigns. Unlike Lenin and the Bolsheviks, whose practical experiences with economic problems prior to 1917 were almost nil, Mao and his party were in a position at the very beginning to apply nationally what they had already achieved regionally. As it turned out, they had much more to learn, but what they had absorbed in their revolutionary days was generally put to good use.

This essay covers the formative years—1927 to 1949—of Mao's ideas on economic strategy. It attempts to explain the development of his economic theories and problems and thus to serve as a vehicle for a better understanding of the economic policies of China after 1949.

Revolution and Economics

The main objective of the Chinese Communists was to capture power from the ruling propertied classes in order to destroy the semi-colonial and semi-feudal basis of the country and on these ashes to build a socialist society in which the lives of workers and peasants would be noticeably improved. Until 1927 the Communists attempted to do this primarily by organizing urban workers around their immediate demands and by shaping these groups into a revolutionary force. The repeated failures of this policy led Mao Tse-tung and others to shift the focus of the movement to the countryside, where they established rural base areas. These bases were protected militarily and developed socially, politically, and economically, and from them the revolution was expected to spread across the land, back to the cities and the urban workers.[1]

These soviet areas, as they were called, were under almost constant military attack. They were first assaulted by Kuomintang forces in 1930; and in 1934, after four years of encirclement campaigns, the Kuomintang finally drove the Communists from their base areas in Kiangsi, Fukien, and neighboring provinces and forced them into the Long March to the northwest. In this region, which centered around Shensi province, as well as in other areas, the Communists again had to defend

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themselves from Kuomintang military onslaughts and blockades and later from Japanese invaders. Thus, while military engagements were not the raison d'être of the Communists, they came to occupy most of their time and energy and to become their number one problem. As a result, Mao has written more on military matters than on economic issues. In fact, the military guerrilla tactics he worked out strongly molded his view of how economic development should be contrived, the Great Leap Forward of 1958-1960 being a spectacular case in point.[2]

Despite this preoccupation with military affairs, Mao often asserted that such victories necessitated the support of the masses, which was best earned by improving their welfare through campaigns on the political, economic, and ideological fronts. As early as March 1929, in his prescient report on the peasant movement in Hunan province, Mao outlined the sequence that should be followed in conducting the coming struggles in the rural areas: first, win the political struggle, so that the landlords are completely overthrown; second, engage in the economic struggle in order to redistribute land to poor peasants and to solve their other economic problems; finally, eliminate other systems of authority (clan, supernatural, etc.) and their supporting ideologies of "natural" inequalities, superstition, and religion.[3] Economic successes themselves would produce not only peasant and worker supporters of the military front but also increasing material resources for these revolutionary battles. Economic victories, Mao insisted, were necessary for military victories.[4]

Mao castigated those comrades who felt that economic work was improvident, that it was possible in peaceful and tranquil times but not something that should divert their energies from the military front in perilous periods. Mao warned:

> If the workers and peasants become dissatisfied with their living conditions, will it not affect the expansion of our Red Army and the mobilization of the masses for the revolutionary war? Therefore it is utterly wrong to think that no economic construction should be undertaken in the midst of the revolutionary war.[5]

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During the Anti-Japanese War (1937-1945), Mao urged productive efforts even in the guerrilla zones, which were Communist-controlled but unstable and fluid areas: ". . . the army and the people in the guerrilla zones can and must conduct large-scale production campaigns. . . . War is not only a military and political contest but also an economic contest."[6]

The economic objective was to raise the enthusiasm and efficiency of the peasants so as to increase their labor productivity, and to do this largely by fashioning a more egalitarian and democratic society. To attain such a society, the Maoists proposed to alter the class structures of the areas they controlled by revolutionizing land ownership and its use, by raising the political consciousness of the peasants through encouraging them to investigate land and wealth ownership, by introducing economic institutions that would stimulate cooperative rather than individualistic behavior, and by mobilizing into the labor force those people—such as women, youth, vagabonds, bandits, and the unemployed—who had hitherto been outside of it. Thus, the Maoists set their sights on large gains in economic output through decisive changes in the social relations of production, though these efforts became less radical after 1937, during the period of the second united front with the Kuomintang. In addition, the Maoists attempted by direct means to increase the productive forces in these areas: the quantity and quality of the labor supply, the stock of capital equipment, and the supply of natural resources. Although there was little progress along these lines in the 1927-1934 period, more was accomplished during the later Yenan years.[7] Finally, throughout the entire period, this economic program was buttressed by campaigns to change the ideology, habits, political institutions, and aspirations of the peasants—to alter essential elements of the superstructure. These campaigns culminated in the so-called rectification movement of 1942-1944 in Yenan, when Marxian theory as applied to China was formally taught to thousands of cadres and others, at precisely the time when the base areas were hardest hit by enemy military forces. In Mao's view, military victories required politically conscious cadres who could successfully carry out production campaigns.

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The Productive Forces

It has long been Mao's belief that, although the ordinary saving-investment techniques are important in building up a society's productive forces, these forces can be greatly expanded, mainly through the release of powerful latent energies and abilities of the masses of peasants and workers and that this reservoir of energy can be liberated if oppressive social institutions are swept away along with various systems of authority and their debilitating ideologies.

The "ordinary" economic processes of saving and investment are invoked essentially to gain increasing margins between total output and the consumption of that output, and to invest the differences in beneficial ways. These surpluses can be realized through increases in total output or through reductions in consumption. Although Mao at times heeded the latter, he generally urged expansion of output as the preferred policy—that is, all-out efforts to work harder and more effectively, spurred on by production campaigns. In that way, he indicated, both consumption and investment could be increased at the same time.

This preference was also revealed in his attitude toward the financial difficulties of an economy—such as monetary excesses, budget deficits, and inflation—that are often reflections of conflicts among groups over their shares of the national output. One solution for these financial maladies is to reduce demands of the various groups for national output and, by so doing, enable the groups to get their budgets into better balance. Mao called this the "conservative way." Furthermore, he claimed that, in the end, financial difficulties could not be solved in this way; they could be solved only by production campaigns that achieve large increases in national output. Mao's concentration was on output expansion, on building up the productive forces, on "real" factors overcoming the financial ones.

Answering his critics on this point, Mao stated:

> They do not know that while a good or a bad financial policy affects the economy, it is the economy that determines finance. Without a well-based economy it is impossible to solve financial difficulties, and without a growing economy it is

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> impossible to attain financial sufficiency. . . . Financial difficulties can be overcome only by down-to-earth and effective economic development. To neglect economic development and the opening up of sources of finance, and instead to hope for the solution of financial difficulties by curtailing indispensable expenditures, is a conservative notion which cannot solve any problems.[8]

Mao has continued through the years to fight against the "conservative notion" of cutting back, of hobbling along like a woman in bound feet; instead he has called for upsurges, aiming high, and bigger and better efforts. When economic problems mount, Mao's response is almost always to leap ahead on the production front.

Moreover, Mao's belief was that to achieve large gains in the productive forces, mass participation in production campaigns is indispensable, not only by workers and peasants but also by the army and everyone else. Each group should not only perform its assigned tasks but should also become self-reliant in food, clothing, and other necessities. All should try to become proficient in several tasks at once. Mao realized that this violates the sacred principle of specialization—the theory that greater results come from finer divisions of labor—but he noted that when army units, for example, are engaged in "all three contests" (military, political, and economic) they accomplish their military duties much better for having taken part in political and economic work. Despite Mao's conviction, there were times when he seemed to be on the defensive in justifying his call for such universal abilities:

> In our circumstances, production by the army for its own support, though backward or retrogressive in form, is progressive in substance and of great historic significance. Formally speaking, we are violating the principle of division of labour. However, in our circumstances—the poverty and disunity of the country—what we are doing is progressive.[9]

What Mao visualized was the possibility that labor productivity could be raised dramatically when workers perform a variety of tasks to achieve self-sufficiency, even though each worker becomes somewhat less adept at each particular undertaking.

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The productivity gains would result from greater work enthusiasm, the contribution of each task to the knowledge needed by the worker for other tasks, greater discipline, and improved relations among various groups of the population as they intermingle in the several projects.[10]

Despite these expectations, there was in fact no sustained progress during the early years (1927-1934). The rural areas were typically very backward, with a grossly inadequate infrastructure of roads, communications, and other facilities as well as stultifyingly feudal social relations. Military demands on the Communists were often too intense to permit them to give adequate attention to economic matters, and Communist control over the various areas seldom lasted long enough for economic programs to coalesce and mature.

Nevertheless, some programs to increase productive forces did succeed in part, especially after the Communists moved in 1929 from the primitive Chingkang Mountains area to a central base on the border of Kiangsi and Fukien, where they found higher land fertility and more resources.[11] The programs included efforts to generate additional saving through sales of economic construction bonds and other securities, the imposition of progressive commercial and agricultural taxes, the accumulation of profits by army and state enterprises, and the confiscation or requisition of wealth from "feudal exploiters." Some of these funds were used for economic development. At the same time, the Maoists increased the size of the labor force through the mobilization of women and the requirement that army and government personnel engage in productive work whenever feasible. They also promoted trade with the White (Kuomintang) areas to increase supplies of necessities, brought additional land under cultivation, established small experimental farms and agricultural research schools, improved irrigation and grain storage facilities, and encouraged handicraft and small industrial establishments.[12]

But even so, economic conditions were not good in any of these areas, for the most part, and improvement was evident but slow. Mao stressed the poverty and difficulties on several occasions:

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> . . . trade between the two areas [Red and White] has almost entirely ceased; necessities such as salt, cloth and medicines are scarce and costly, and agricultural products such as timber, tea and oil cannot be sent out, so that the peasants' cash income is cut off and the people as a whole are affected.[13]
>
> There has been a decline in production in many handicraft industries in the Red areas, notably tobacco-curing and paper-making.[14]
>
> The Red Army has to fight the enemy and to provision itself at one and the same time. It even lacks funds to pay the daily food allowance of five cents per person, which is provided in addition to grain; the soldiers are undernourished, many are ill, and the wounded in the hospitals are worse off.[15]

At other times Mao was more encouraged and called attention to the improved living conditions of the poor peasants. He observed that agricultural output usually drops in the first year or two after a Red area is established because of unsettled conditions, but that it picks up again later on. He cited some instances of such output gains, and he also pointed to increases in living standards as a result of price declines of essential commodities. In January 1934, still heartened, he stated: "The living conditions of the peasants have been much improved. . . . In the past, many peasants lived on tree bark or grain husks for several months a year. This situation no longer prevails and there is no more starvation in the Soviet areas .The life of the peasants is improving from year to year. They are no longer in rags."[16] Such improvements were also noticed by visitors to these areas in 1933 and 1934,[17] but Mao's account makes it vividly clear how very low those standards really were.

The productive forces were also meager in the later Communist base areas in the northwest. The border region of Shensi-Kansu-Ninghsia in 1937 comprised no more than twenty-six countries which covered about forty thousand square miles; there were perhaps one and a half million inhabitants, 80 percent of whom lived in small villages and hamlets. The area had low population density but also low land fertility and a very backward state of technical development, the combination of which resulted in low levels of labor productivity with little

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more than subsistence income for the population. Almost all of the people were illiterate; most were in poor health. There were very few handicraft industries in the area; the only "modern" enterprise was an oil field and refinery.

Edgar Snow, in his renowned visit to the area in 1936, painted a rather dismal picture of its economic resources:

> North Shensi was one of the poorest parts of China I had seen. . . . There was no real land scarcity, but there was in many places a serious scarcity of real land—at least real farming land. . . . The farms of Shensi may be described as slanting, and many of them also as slipping, for landslides are frequent. The fields are mostly patches laid on the serried landscape, between crevices and small streams.[18]

> . . . there is no machine industry of any importance in the North-west. The region is far less influenced by industrialism than the eastern parts of China; it is farming and grazing country primarily, the culture of which has been for centuries stagnant.[19]

> For hundreds of miles around there is only semi-pastoral country, the people live in cave-houses exactly as did their ancestors milleniums ago, many of the farmers still wear queues braided round their heads, and the horse, the ass and the camel are the last thing in communications. Rope-oil is used for lighting here, candles are a luxury, electricity is unknown, and foreigners are as rare as Eskimos in Africa.[20]

Even as late as 1944, Gunther Stein's survey of the capital, Yenan, suggested a continuing poverty of the basic necessities:

> Here was Yenan—with only 40,000 people, of whom 12,000 were soldiers, government and party officials and students; without electricity and modern machinery; with no other motor traffic than four or five ancient trucks; with practically no roads, and without a navigable river; without any planes bringing in supplies from the outside world.[21]

Still, in the years 1935 and 1936, the Communists could see that the area had potentialities: its substantial quantities of unutilized natural resources, including salt, iron, coal, and oil; its crops, especially cotton, which could be improved with irriga-

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tion; its handicraft industries—spinning and weaving—which could be greatly expanded; and its population, whose energies and talents could be developed and better employed.[22]

Just as in the years of the Kiangsi soviets, the Maoists used the "ordinary" saving-investment techniques later, in Yenan, to take advantage of these potentialities. Accordingly, they turned to taxation, confiscation, and bond issues to gain revenue and command over economic resources, monetary expansion to finance some additional investment activities, and external trade and smuggling to obtain goods that could not be produced locally. They increased the area of cultivated land, the number of draft animals, and the participation of women in the labor force and established small industries throughout the area. Productive forces were also increased by immigration into the area, some by internal migration from labor-surplus to labor-deficit regions, and by the rehabilitation of vagrants and other idlers. For a short time, subsidies from the Nationalist government paid for larger imports of desperately needed commodities to the area. Moreover, Snow reported that the Communists captured most of the machinery they had in 1936 and 1937 from forays into neighboring areas: "During their expeditions to Shansi province last year, for example, they seized machines, tools and raw materials, which were carried by mule all the way across the interminable mountains of Shensi, to their fantastic cliff-dwelling factories." Besides this type of "primitive accumulation," the Communists had brought with them on their Long March many lathes, turning machines, stampers, dies, etc. They also brought dozens of Singer sewing machines to equip their clothing factories, silver and gold from the Red mines in Szechuan, and lithographing blocks and light printing machines.[23]

The chief fruits of these and other applications during the Yenan years were moderate gains in agriculture and large increases in clothing and other output from handicrafts, manufacturing, and mining. In addition, there was much road building, and "travelers reported a great deal of housing construction, especially in the form of cave digging, and a mushrooming of trade and service establishments. . . ."[24]

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Social Relations of Production

When the Communists moved in and began to control a base area, they immediately, by their very presence, disrupted the class structure and hierarchical authority, which was dominated by landlords, militarists, village bosses, and the gentry. The Communists sided with the middle and poor peasants, farmhands, and other impoverished people who constituted the majority of the population. Thus, the Communist presence tended to shift the balance of power directly from the wealthy to the poor. To consolidate and deepen this shift, the Communists swiftly introduced programs to change the social relations of production in the area—that is, the class structure and supporting institutions closely associated with the work process. These programs almost always included land reforms; they often were extended to the formation of state enterprises and cooperatives and to the replacement of feudal social relations—which discouraged useful work by women and other potential workers in the laboring population—with more democratic institutions and practices.

Land Reforms

During the years from 1927 to 1934, the Communists sporadically controlled several base areas. The land reforms conducted in these areas were all different, since conditions were dissimilar from one area to the next. Even the reforms enacted under the direction of Mao himself were not uniform. Furthermore, there were serious doctrinal differences among factions of the party regarding the proper way to carry out the land policies, and these disputes were mirrored in the provisions of the laws, including those under the general guidance of Mao. Mao's power was also greatly curtailed during the later years of this period, which meant that he was often following orders rather than giving them. Consequently, it is difficult to discern exactly what Mao then favored.

His policies appear to have included: (1) only a limited amount of land confiscation, (2) redistribution of land on the

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basis of the township and equal amounts per person, (3) private ownership of land and its cultivation by individual families (not collectives), and (4) the enlistment of the support of rich peasants, small merchants, and others in the "intermediate classes." Mao told Edgar Snow in 1937:

> In this Soviet [Ch'a-ling], and subsequently, we promoted a democratic programme, with a moderate policy, based on slow but regular development. This earned Chingkangshan the recriminations of putschists in the Party, who were demanding a terrorist policy of raiding, and burning and killing landlords, in order to destroy their morale. [We] refused to adopt such tactics, and were therefore branded by the hotheads as "reformists." I was bitterly attacked by them for not carrying out a more "radical" policy.[25]

Mao's policies at this time were based on his view that China was a semi-feudal and semi-colonial country whose peasantry constituted most of the population and whose immediate task was to fight against imperialism and feudalism, not against capitalism. Mao saw his forces engaged in a protracted bourgeois-democratic revolution, which needed to enlist the support of as much of the population as possible—to "win over the many"—and which would lead to the transitional stage of new democracy. Mao later denounced the ultraleft policies that were in opposition to the basic ideas of his new democracy in that they promoted policies consistent with a socialist revolution, including all-out struggle against the bourgeoisie as a whole and the elimination of the rich peasant economy.[26] For Mao, socialism lay in the distant future, after the bourgeois-democratic revolution, with its helpful capitalist elements, had been won and consolidated.

This prospect clearly explains some of Mao's agrarian policies, for example his proclivity for striking mainly at the landlords while trying to enlist as many rich peasants and "intermediate classes" as possible on the side of the revolution and his insistence on at least de facto private ownership and family cultivation of the land. His other priorities merit further discussion.

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One of Mao's own policies was to redistribute the land—either its ownership or its use rights—to the poor and others on a per capita basis. Amounts of land equal in productive power were given to each person, young and old, male and female, worker and consumer. This policy was vigorously disputed by Mao's opponents, but one of his land laws defended this method of land distribution in the following ways: (1) If the old and the young receive smaller shares of land before the government has completed its preparation for caring for them, it will be impossible for them to survive unless the government puts aside an appropriate amount of land for public welfare purposes. And in that event, the land might just as well be given to the young and old to begin with. (2) Dividing the land according to the number of persons in each family is the simplest and most convenient method. (3) The number of families in which there are neither old nor young is very small. Therefore, the simple redistribution scheme will cause no great inequity.[27]

A few years later it was stated, in what was apparently a Maoist document, that "equal distribution" would in fact stimulate production because "the poor peasants and the jobless masses have devoted all their manpower to the land they have received. All former nonproductive parasites in the villages, like landlords and idlers, are obliged to farm now or else they will have nothing to eat. The labor power of some of the poor peasants which was formerly left unused for lack of land is being put to use, now that land has been assigned them." Moreover, it was claimed, the poor peasants, knowing that the land now belongs to them, are willing to do deep plowing and frequent weeding, to improve irrigation, and to repair ponds and ditches.[28]

These were meant as telling arguments, mainly against base areas that redistributed land only to those able to work it. Mao may have succumbed to a variant of this labor-power method for a time, at least on paper, "so that a person with labour-power is allotted twice as much land as one without."[29] In this system, land gravitated to those who could work it, thereby

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tending to raise efficiency and agricultural output but to reduce the distributional equity of land use and land income. Another method advocated but probably not much used,[30] which was even more heavily biased toward efficiency and away from equity, was redistribution according to labor power *and* ownership of capital assets (primarily tools and draft animals)—on the grounds that such persons would have the greatest ability to make the land produce. Land allocation on this criterion would, of course, greatly favor the richer peasants, as the Land Law of the Soviet Republic, November 1931, warned:

> The well-to-do peasantry seek to have the land distributed according to the means of production. The First [All-China Soviet] Congress considers this to be a counter-revolutionary effort on the part of rich peasants to hinder the development of the agrarian revolution and to further their own ends, and it must be strictly prohibited.[31]

In some cases, the village was the unit of land redistribution and in others a group of villages within each *hsiang* (township) was the basic unit. For example, in the Land Law of February 7, 1930 (a Maoist document), the *hsiang* was the basic unit and the method of redistribution called, first, for an estimate of rice output per capita in the *hsiang* as a whole. Each person was then given sufficient land, of varying fertility, to yield rice of this average amount. If, in a rich village with highly fertile land, there was land left over after such redistribution, whenever possible it would be transferred to a poorer, adjoining village where there was a shortage of land. If this were not feasible, villages within the *hsiang* might be merged for purposes of land redistribution. As a last resort, people might be moved from the poorer to the richer villages.[32] Consequently, a greater measure of equity could be achieved within the *hsiang* than within the individual village. In early 1930, Mao also introduced his twin principles of land reform: "take from those who have much to help those who have little and take from those who have fertile land to help those who have poor land." John Rue explained how these principles, incorporated in the Land Law of February 7, 1930, worked out in practice:

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> The amount of land apportioned to the poor from property confiscated from landlords rarely sufficed to create even approximate equality at harvest time. Land was therefore to be taken from the rich peasants and some of the middle peasants and distributed among the poor and landless. Usually the rich peasants agreed to surrender only some of their poorer land, so that even after this step the poor peasants would possess land yielding a smaller harvest than that of the rich peasants. Dissatisfied, the poor peasants would support the next step in the struggle for greater equality, which was to take from those who had rich land to help those who had poor land. Land was to be classified into three grades, and every family was to be allotted some of each. This step was at the expense of the rich and middle peasants, who usually owned the more fertile lands.[33]

The Communists were forced out of their base areas in the south in October 1934 and, after the Long March of six thousand miles, arrived in Shensi, in the northwest, about a year later. The Land Law of the Northwest Soviet Government was passed in December 1935. It provided for the confiscation of all of the rich peasants' land that was not cultivated by the owners themselves. Snow reported on this:

> Both the landlord and rich peasant were allowed as much land as they could till with their own labour. In districts where there was no land scarcity—and there were many such districts in the Northwest—the lands of resident landlords and rich peasants were in practice not confiscated at all, but the wasteland and land of absentee owners was distributed, and sometimes there was a re-division of best quality land, poor peasants being given better soil, and landlords being allotted the same amount of poorer land.[34]

Snow further related that instead of an attempt to equalize land ownership the goal was to give enough land to everyone to guarantee each family a decent livelihood. Every enlisted man in the Red Army was given a portion of the redistributed land, which, in his absence, was tilled by his family or his local soviet. If he were not a native of the soviet districts, his income came from the "public lands," which were tilled by

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villagers in the local soviets, such labor being obligatory. Snow added:

> The land problem—confiscation and redistribution—was greatly simplified in the Northwest by the fact that big estates were formerly owned by officials, tax-collectors, and absentee landlords. With the confiscation of these, in many cases the immediate demands of the poor peasantry were satisfied, without much interference with either the resident small landlords or the rich peasants.[35]

Mark Selden has demonstrated, however, that in one township "the major consequence of the land revolution . . . was to destroy large concentrations of wealth and substantially enlarge the middle peasantry by distributing the land and property of rich peasants and landlords to the poor."[36] He went on to say that no landlords survived the land reform (most fled) and only four rich peasant families of the original sixteen were in the area five years later, though several former middle and poor peasants had in the meantime become rich peasants. The economic lot of the very poor was substantially improved. But Selden's data corroborate Snow's contention that land and other assets were by no means distributed equally. Rich and middle peasant families not only acquired more land but also retained most of the draft animals, and, moreover, they hired additional labor, thereby accentuating inequalities in productive power.[37] Still, the previous political and social dominance of the landlords and rich peasants had been broken. They "no longer constituted a dominant socioeconomic elite controlling the destinies of the poor and monopolizing military and political power."[38]

This Maoist land revolution in the Shensi area, which began in late 1935, was effectively suspended in early 1937 (officially, in September 1937), when a second united front with the Kuomintang was being formed against the Japanese. The land revolution accomplished much in this short period, despite some weaknesses:

> . . . it had been carried to completion in ten to twelve districts and in significant parts of a dozen or more others com-

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> prising most of the area of northern Shensi and the Shensi-Kansu-Ninghsia border. In a few districts which were contested even after the formation of the Second United Front, the economic and political problems of landlordism remained unsolved. However, throughout most of the twenty-three districts which eventually comprised the border region, land revolution was the crucial first step in the creation of a new egalitarian order which featured large-scale peasant participation in a growing network of political and military organizations.[39]

Although their land policies were toned down as early as December 1935, land revolution was halted by the Communists when they concluded that the "principal contradiction" was that between the Chinese masses and the Japanese imperialist invaders. The new land program, consonant with the second united front, called for the cessation of the program of confiscating land without compensation. It then became the policy of the Communists to help the peasants reduce feudal exploitation but not to eliminate it. Accordingly, rent and interest rates were reduced but the collection of these payments by landlords and lenders was guaranteed. Furthermore, the landlords who joined the anti-Japanese struggle were assured that their civil liberties and other rights would be respected. The new policy recognized that

> the capitalist mode of production is the more progressive method in present-day China and that the bourgeoisie, particularly the petty bourgeoisie and the national bourgeoisie, represent the comparatively more progressive social elements and the political forces in China today. The mode of production of the rich peasants bears capitalist characteristics; they are the capitalists in the rural areas and are an indispensable force in the Anti-Japanese war and in the battle of production. . . . Therefore the policy of the Party is not to weaken capitalism and the bourgeoisie, nor to weaken the rich peasant class and their productive force, but to encourage capitalist production.[40]

The party aspired to reduce most rent payments to landlords by 25 percent, generally from 50 percent of the crop to a

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maximum of 37.5 percent, and all rents were to be collected after the harvest. Interest rates were generally set near a ceiling of 15 percent per year. If a debtor had already paid his creditor large amounts of interest on the original loan, further payment of interest and even, at times, the original principal were cancelled.

This moderate land policy replaced the more radical one as conditions changed. As Mao put it, the main question was not whether the land should belong to the landlords or to the peasants but whether it would belong to the Japanese or to the Chinese. For this reason, the Maoists felt it necessary and possible to ally themselves with most of the bourgeoisie and with many landlords and rich peasants. Despite grave provocations from the Kuomintang, the Communists never wavered throughout the war in seeing Japan as the principal contradiction and the Kuomintang as the secondary one. Economic policies were fashioned from this broader analysis of world forces.

In late 1945, after Japan had been defeated and before full-scale civil war had begun, Mao directed the party to launch large-scale rent reduction campaigns "so as to arouse the revolutionary fervour of the great majority of the peasant masses."[41] Mao cautioned that rent reduction must not be a favor bestowed by the government but rather the result of mass struggle. He also reminded the cadres once more that the present policy was to reduce rents, not to confiscate land.

These moderate measures were tentatively changed in the winter of 1945-1946 to the more radical policy of land confiscation and distribution, but the change was gradual and applied only to a few areas. The movement culminated, however, in the new land Directive of May 4, 1946. Mao's editors explained it thus:

> After Japan's surrender, in view of the peasants' eager demand for land, the Central Committee decided to change the land policy of the period of the War of Resistance, that is, to change from the reduction of rent and interest to confiscation of the land of the landlords and its distribution among peasants. The "May 4th Directive" marked this change.[42]

Another observer wrote that this directive ordered the land-

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lords' land to be distributed among the landless, "with the landlords allowed to keep a larger-than-average share of land. It also warned against trespassing upon the properties of the rich peasants."[43]

A short time after the issuance of this directive, and a month after Chiang Kai-shek's all-out offensive against the Communists began, Mao counseled party cadres to unite with as broad a spectrum of the people as possible and to distinguish carefully between traitors, bad gentry, and local tyrants on the one hand, and ordinary rich peasants and middle and small landlords on the other. He added that, where the land problem had been largely solved, the party should adopt a moderate attitude toward the landlord class as a whole. "In order to reduce the number of hostile elements and to consolidate the Liberated Areas, we should help all those landlords who have difficulty in making a living and induce runaway landlords to return and give them an opportunity to earn a living." Finally, Mao extended this policy of unity to the cities, where he urged the party to isolate the reactionaries and unite with just about everyone else. It was also broadened to include the Kuomintang troops, where "we should win over all the possible opponents of civil war and isolate the bellicose elements."[44] Thus, although the May 4th Directive reestablished the land policy of confiscation-redistribution, it did not attempt to eliminate the rich peasant economy and it was tolerant toward many landlords; it was consistent with Mao's policy of a broad united front.

Nevertheless, the directive eventually led to some "left" excesses toward the middle peasants and others, for in early 1947 Mao reiterated the policy of uniting firmly with the middle peasants, including the well-to-do middle peasants, and of treating rich peasants and middle and small landlords leniently. We must unite, Mao stated, with more than 90 percent of the masses and isolate only the small number of feudal reactionaries who oppose land reform.

By February 1947, Mao could report that the new land policies had been widely applied with some success but that there were still shortcomings:

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> In about two-thirds of the territory in each Liberated Area, the Central Committee's directive of May 4, 1946, has been put into effect, the land problem has been solved and the policy of land to the tillers has been carried out; this is a great victory. There remains around one-third of the territory, however, where further efforts must be made to arouse the masses fully and put the policy of land to the tillers into effect. In places where the policy of land to the tillers has been carried out, there are still shortcomings insofar as the solution was not thorough—mainly because the masses were not fully aroused, so that the confiscation and the distribution of land were not thorough and the masses became dissatisfied. In such places, we must check carefully and must "even up" to ensure that the peasants with little or no land obtain some and the bad gentry and local tyrants are punished.[45]

The party held a National Land Conference in September 1947, from which was issued, on October 10, 1947, the Outline Land Law. This law, which Mao may not have executed himself, showed less consideration for landlords, hit harder at the rich peasants, and was in general a more "leftist" document than the May 4th Directive.[46] However in February 1948 some changes were made by the Central Committee. In the old and semi-old Liberated Areas (those liberated before the Japanese surrender and those liberated between September 1945 and August 1947), where the feudal system had already been overthrown, there would be no further confiscation and equal distribution of land. Such methods would be limited to areas where the feudal system still existed, but even there they would be confined to the land of landlords and the surplus land of old-type rich peasants (those who were rich prior to the liberation of the area):

> In all areas, it was permissible to take the surplus land of middle peasants and new-type rich peasants [those who had become so in the revolutionary base areas] for the purposes of readjustment only if this was absolutely necessary and if the owners really consented. In the land reform in the new Liberated Areas [those liberated since the general counter-

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> offensive by the Communists in August 1947], no land was to be taken from any middle peasant.[47]

In April 1948, because of several "left" deviations from the policy, Mao repeated that the general line of land reform was to rely on the poor peasants, unite with the middle peasants, avoid encroaching on the interests of *new* rich peasants, and eliminate the feudal landlords as a class. He resumed by declaring that the immediate goal of land reform was the development of agricultural production. With the consummation of land reform, the party must transfer all available forces to the countryside, organize mutual aid and cooperatives, build irrigation works, and promote seed selection. These measures, on the basis of private ownership, would raise agricultural output and lay the foundation for the transformation of the country from an agricultural to an industrial society.[48]

In a directive of May 25, 1948, the Central Committee removed certain areas from land reform for the remainder of the year: those areas still designated as unstable guerrilla zones, areas where the masses were not yet politically ready for such measures, or areas where there were inadequate numbers of party cadres to carry out the reforms. Generally speaking, this directive tended to turn attention away from further land reforms and to emphasize instead the need to raise agricultural production. It probably marked the end of the period of increasing radicalization in land policy, which had begun after the defeat of the Japanese, and a swing toward more moderate policies leading to agricultural improvement. This was particularly true in the new Liberated Areas, where the masses of peasants were unprepared to take the initiative in land reform. For these areas, which were rapidly expanding as the Communist counteroffensive swept south, Mao laid down a conservative set of policies:

> . . . we should apply the social policy of reducing rent and interest and properly adjusting the supplies of seed and food grains and the financial policy of reasonable distribution of burdens . . . we should not immediately apply the social reform policy of distributing movable property and land. . . .

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> Moreover, hasty dispersal of social wealth is to the disadvantage of the army. Premature distribution of land would prematurely place the entire burden of military requirements on the peasants instead of on the landlords and rich peasants. In the sphere of social reform, it is better not to distribute movable property and land but instead to reduce rent and interest universally so that the peasants will receive tangible benefits, and in financial policy we should effect a reasonable distribution of burdens so that the landlords and rich peasants will pay more. . . . After one, two or even three years, when the Kuomintang reactionaries have been wiped out in extensive base areas, when conditions have become stable, when the masses have awakened and organized themselves and when the war has moved far away, we can enter the stage of land reform—the distribution of movable property and land as in northern China. The stage of rent and interest reduction cannot be skipped in any new Liberated Area, and we shall make mistakes if we skip it.[49]

To summarize, Mao's agrarian reforms, which were on the whole moderate ones, did not set out to annihilate large segments of the population but rather to win over the great majority. Such policies were consonant with his theory that the Chinese revolution was in the bourgeois-democratic stage and not in the proletarian-socialist stage. Consequently, agrarian policies had to be consistent with capitalism as a progressive force and not "jump over" a stage to socialism. Accordingly, Mao promoted private ownership of land, individual family cultivation, and the buying and selling of land.

As Mao saw them, the principal contradictions during the early period, 1927 to 1934, were feudalism (contradictions between landlords and peasants) and imperialism (contradictions between capitalist imperialist nations and the Chinese masses). Although some classes—e.g., the national bourgeoisie and the rich peasants—were frightened by the Communists' revolutionary drive against wealthy Chinese, at the same time they favored the Communists' anti-imperialist policies. As a result, under certain conditions these classes, or some of their members, could be won over to the Communists' side if economic policies did

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not alienate them excessively. Following this reasoning, Mao selected economic programs that, while satisfying the basic demands of the poor, would not unduly antagonize those with whom the Communists might unite.

When, later on, the principal contradiction of the bourgeois-democratic revolution became Japanese imperialism, Mao altered his economic policies accordingly so as to unite with all possible anti-Japanese forces. Thus, his land policies then prescribed reductions of rent and interest and guarantees of these reduced payments to the landlords and moneylenders. Land confiscation was, for the time being, suspended. In other policy areas, economic programs were likewise readjusted to the new phase of the revolution. After the defeat of Japan, the more radical land policies were resumed. But, on the eve of victory against Chiang Kai-shek, when large new territories fell to the Communists, the policy became mainly to protect agricultural output from a land program that would be too radical.

Basically, Mao followed Lenin in being particularly wary of "ultraleftist" policies. He insisted that the "historic stages" be followed and constantly attempted to unite with as many people as possible. Conjunctively, Mao demanded that such unity be combined with struggle against the "enemies" within the revolutionary bloc, so that the party could maintain its own initiative and independence: "struggle within unity" was the key motto.

The Land Verification Movement

The land verification movement was launched under Mao's direction during the summer and early fall of 1933 in the Kiangsi areas. The main purpose of the movement was to "investigate classes"—that is, to determine the class status of individuals. This effort was directed especially toward former landlords and rich peasants, who were presently posing as toiling peasants and, hence, escaping punishment or asset-confiscation, and toward outright counterrevolutionaries. In the process, Mao expected the masses to be mobilized and aroused in ways that would raise their class consciousness.

The land investigation movement, however, was to apply

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to only certain areas. As a result of uneven economic and political development within the soviet territories, there were now three types of areas, in Mao's analysis: (1) the newly developed areas (the least developed), (2) the comparatively retarded struggle areas (of average development), and (3) the advanced struggle areas (the most developed). In the first, the tasks of the Communists were to overthrow the landlords, confiscate their land and redistribute it; establish revolutionary committees, form mass organizations, and build up the armed forces; and annul debts and burn land deeds and promissory notes. In the second areas, the main effort was to carry out the land investigation movement, the above tasks having already been accomplished. In the third areas, the principal undertaking was promoting agricultural production. Thus, Mao's priorities, in time sequence, were land revolution, land investigation, and agricultural development.[50] A shift in political power and the awakening of the masses had to precede serious economic efforts. There is nothing more important than that conception in Mao's economic strategy.

With regard to the land investigation movement, Mao advised his followers "to rely on the poor peasants, ally with the middle peasants, and make the hired farm hands play a leading role so as to annihilate the landlord class completely and frustrate the attempt of the rich peasants to steal the benefits of the land revolution and weaken their economic power."[51] Mao threw out a few warnings about the necessity of treating rich peasants differently from landlords. Rich peasants should be opposed, not annihilated; their property should not be entirely confiscated; their labor power should be recognized and appreciated.[52] At this time Mao was evidently, with some reluctance, carrying out Stalin's tough line on rich peasants, which was transmitted to the Chinese through the Communist International, but he appeared to be concerned about ultra-leftist actions against them.

Although it was stated repeatedly that the land investigation movement was not a land redistribution drive, there was nevertheless some redistribution of land and other property of landlords and rich peasants. The explanation is probably that

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land investigation was not intended to carry through another full-scale land reform in the areas affected, but rather to discover and then redistribute land and other assets that had escaped detection the first time around. Such efforts, when initiated and carried out by the poor peasants, would increase their understanding of class struggles and of their own role within the revolutionary movement.

John Rue sees this movement differently—as primarily one to gain revenue for the revolutionary war effort, which had been greatly intensified at the time.[53] Han Suyin, on the other hand, states that the movement was meant by Mao to mitigate the "left" line in land reform and in economic policy,[54] and there would seem to be some evidence for this. Schram, however, is probably closer to the heart of the movement when he views it as having a primarily political goal and only secondarily an economic one:

> The purpose of the "land verification movement," launched by Mao on a large scale in June 1933, was, as the name suggests, to verify whether the redistribution had been properly carried out. But this economic objective was less important in Mao's mind than the political aim of promoting class struggle. . . . The land verification movement, in Mao's view, would play a key role in opening the peasant's eyes to the true class nature of these hidden enemies. . . . The total confiscation of the landlords' property destroyed the economic basis for their existence as a class; the mobilization of the peasant masses to "struggle" against them was intended to destroy the roots of their position in tradition and habit . . . it reflects Mao's conviction that land reform is a political quite as much as an economic measure, and at the same time a process of education of the peasantry.[55]

Cooperatives and Mutual Aid

In his 1927 "Report on an Investigation of the Peasant Movement in Hunan," Mao declared: "The peasants really need co-operatives, and especially consumers', marketing and credit co-operatives."[56] He explained to his comrades that the peasants are cheated by merchants, moneylenders, and others,

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that cooperatives would free them from these exploiters, but that the peasants do not yet know how to establish and manage cooperatives. "Given proper guidance," Mao concluded, "the co-operative movement can spread everywhere along with the growth of peasant associations."[57]

Such efforts did not get underway, however, until 1933-1934, near the close of the Kiangsi soviet period. In his essay "Our Economic Policy," written about that time, Mao noted that "in many places mutual-aid groups and ploughing teams have been organized to adjust the use of labour-power in the villages, and cooperatives have been organized to overcome the shortage of draught oxen."[58] Though the mutual-aid groups and ploughing teams were based on individual farming, not cooperative or collective farming, they nevertheless encouraged the peasants to get together voluntarily to help each other and in this way to use their labor power, implements, and draft animals to better advantage. The teams also "gave preferential treatment to the families of Red Army soldiers and worked for bereaved old folk without any pay except for meals during the work."[59]

In the same essay, Mao asserted that cooperative enterprises in the Kiangsi and Fukien soviets were growing rapidly. "Consumers' co-operatives and grain co-operatives head the list, with producers' co-operatives coming next. Credit co-operatives have just started functioning. When the co-operative and the state enterprises become co-ordinated and grow over a long period of time, they will become a tremendous force in our economy and will gradually prevail and assume leadership over the private sector."[60]

During the Yenan period, too, Snow reported that the cooperative movement was being pushed vigorously as early as 1936:

> These activities extended beyond production and distribution co-operatives, branching out to include co-operation in such (for China) novel forms as the collective use of farm animals and implements—especially in tilling public lands and Red Army lands—and in the organization of labour mutual-aid societies. . . . In busy periods the system of "Saturday Bri-

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> gades" was used, when not only all the children's organizations, but every Soviet official, Red partisan, Red guard, women's organization, and any Red Army detachment that happened to be nearby, were mobilized to work at least one day a week at farming tasks.[61]

Snow further explained that the cooperative movement was looked upon by the Communists "as an instrument to resist private capitalism and develop a new economic system—that is, to prepare the conditions for socialism."[62]

Gunther Stein, a visitor to Yenan and Shensi in 1944, disclosed that half of all the peasants in the border region were in labor exchanges:

> The movement started some four years ago when the increasing requirements of the army, of industries, cooperatives, and new administrative organizations began to make the lack of labor in the fields more and more acute. . . . There are different forms of Labor Exchange Brigades. . . . In some cases whole villages work together in various tasks. In others small individual groups are formed for a long period to deal with special jobs like land reclamation and dike building. Sometimes they get together for short periods during rush seasons. They use each other's tools and draft animals, which greatly increases their working capacity. . . . The Labor Exchange Brigades lend every three of their members the productive capacity of four or five farmers working in family groups or individually. They make work more pleasant and efficient. And in creating a new community spirit they do much to overcome the proverbial individualism and clannishness of the farmers.[63]

Stein personally attended a speech given by Mao at the Conference of Cooperatives in 1944. Mao remarked that they were developing new types of cooperatives, ones that were universal and many-sided: "They must help in the development of our economic life, our social life, our education . . . using the initiative of the masses of the people to supplement the activities of the government." He spoke approvingly of insurance sections for cooperatives so that families would not go bankrupt paying for large funeral expenses in case of a member's death:

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> . . . as you know, everybody eats so much at those big feasts. . . . But this is not only a matter of insurance. We must also change our attitude toward such matters: nobody should take advantage of old customs any longer. In our new society the people must help each other. If they do that, they'll feel better. Even better than if they eat as much as they can put away at funeral feasts of poor farmers.

Mao then urged everyone to invest in cooperatives whatever they could spare—"money, the draft animals and implements they do not use all the time, or what land they cannot cultivate themselves." He told the audience not to be afraid of landlords and capitalists, that they could invest in cooperatives, too, not only to their advantage but also to the benefit of all members. He ended with a plea to

> keep this in mind: the most important economic organizations in our areas are not the few factories we have, but our many small cooperative enterprises. The Border Region is not like Shanghai. In all our regions we must rank the importance of the cooperatives very high in every respect. . . . I know that some of our cadres still consider cooperative work beneath their dignity and prefer government or party work. They are wrong and must correct this mistaken idea.[64]

A conviction that Mao has expressed several times is that cooperatives can break down the traditional individualism of the Chinese. He has pointed out that a system of individual economy had prevailed for thousands of years in rural China, with each family more or less on its own as a productive unit:

> This scattered, individual form of production is the economic foundation of feudal rule and keeps the peasants in perpetual poverty. The only way to change it is gradual collectivization, and the only way to bring about collectivization, according to Lenin, is through co-operatives. . . . Ours is a new-democratic economy, and our cooperatives are still organizations for collective labor based on an individual economy (on private property).

Mao then turned to a discussion of four types of cooperatives: the collective, mutual-aid cooperative for agricultural produc-

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tion, the multipurpose cooperative, the transport cooperative, and the handicraft cooperative. "With these four kinds of cooperatives among the masses and the collective labour co-operatives in the army, the schools and government and other organizations, we can organize all the forces of the people into a great army of labour. This is the only road to liberation for the people. . . ." Mao hoped that the benefits of cooperation would not be confined to production but would be distributed over many aspects of peasants' lives: "Once production groups become the usual practice, not only will output increase and all kinds of innovations emerge, but there will also be political progress, a higher educational level, programs in hygiene, a remoulding of loafers and a change in social customs, and it will not take long before the implements of production will be improved, too."[65]

It is clear, then, that Mao saw sweeping advantages to cooperatives. At one time or another, he has claimed that they would: (1) free peasants from the exploitative nature of the individual, private property economy; (2) enable peasants to increase the effective use of labor power, tools, and draft animals; (3) permit the realization of economies of scale; (4) stimulate work enthusiasm; (5) increase peasant solidarity, make life active and morale high; (6) break down traditional systems of the individual economy; and (7) favorably affect other aspects of life—social, political, and educational.

Mao's major point, however, was that cooperatives tended to shatter the individual form of production, which kept peasants in perpetual poverty, not only because such a form was inefficient but also because it could be dominated by landlords and their feudal ideas and values, which served to disorganize and immobilize the peasants. Small-scale farming was a "technology," Mao thought, that was encouraged by landlords for maintaining their rule.

Social Relations and the Labor Force

The economic assignment of the Maoists during the 1927-1934 period was to radically change the social relations of pro-

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duction in their rural base areas so as to release the energy of the masses for productive work. Land reform, land investigation, and, later on, the cooperative movement were spearheads in the attack on peasant apathy. Beyond that, the Maoists worked pertinaciously to destroy old customs that restricted the productive labor of women.

In his famous 1927 report on the peasants, Mao noted with indignation that although men were subjected to three systems of authority—political, clan, and religious—women were subjected not only to these but also to a fourth—male authority. However, he continued, the authority of the husband is generally weaker among poor peasants than it is within the richer classes because, out of economic necessity, poor peasant women do more manual labor and so have greater power within their families. "With the increasing bankruptcy of the rural economy in recent years," Mao added, "the basis for men's domination over women has already been weakened. With the rise of the peasant movement, the women in many places have now begun to organize rural women's associations; the opportunity has come for them to lift up their heads, and the authority of the husband is getting shakier every day."[66]

Notwithstanding Mao's sentiments, little was done to expand the economic role of women during the early days of the rural base areas. The emphasis, instead, was on drawing women into the revolutionary struggles against the landlords. As an example of this emphasis, the 1928 Resolution of the Sixth National Congress on the Peasant Movement stated: "In the struggle of the peasant movement towards victory, it is very important to absorb peasant women into the struggle. They participate directly in the economy of the village, constitute an important element among the hired farm hands, and play a very important role in the life of the peasants. Therefore it is imperative that they join the movement."[67]

Three years later, however, in the Constitution of the Soviet Republic, the work and rights of women were discussed more fully:

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> It is the purpose of the Soviet government of China to guarantee the thorough emancipation of women; it recognizes freedom of marriage and will put into operation various measures for the protection of women, to enable women gradually to attain to the material basis required for their emancipation from the bondage of domestic work, and to give them the possibility of participating in the social, economic, political, and cultural life of the entire society.[68]

A few years after this, Mao stated that "the women are taking part in production in great numbers."[69] We do not know whether this was true, but it is beyond doubt that the Maoists were most concerned to achieve such a result.

This interest was intensified during the Yenan years. One author has described the progress of women under the Communists at that time:

> The social reforms in the rural areas under Communist control during the war centered on the improvement of the status of peasant women, the abolition of undesirable customs and habits such as superstitious practices, opium-smoking and gambling, and the reform of loafers in the villages. . . . Women's right to inherit property, chiefly in regard to land, was guaranteed. They were given equal rights with men to participate in political activities, and many of them were elected to village administrative offices. Monogamous marriage was made the rule. . . . Divorce was made easier for the peasant women, but it was not encouraged. Also discouraged were the practices in the rural districts of keeping slave-maids and child daughters-in-law. The elevation of the status of peasant women came mainly from their better economic position as a result of property inheritance, from subsidiary occupations such as weaving, and from increased opportunity to receive education. . . . Literacy enhanced both their social mobility and prestige.[70]

The author tells the story of women too calmly, for the change in status that the Communists achieved, or at least commenced, during the Yenan period was no small thing; it was in fact a revolution. Chinese women for centuries had been the mere possessions of men, especially in the propertied classes. They were sources of material wealth, often bought and sold like cattle

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or slaves, trained and beaten into submissive, subservient attitudes, uneducated, degraded by enforced prostitution, concubinage, and compulsory marriage. Jack Belden's classic true story of a young peasant girl, Gold Flower, tells of the terror imposed on her by her husband and other males: she endured repeated beatings, was forced to her knees before males in acts of submission, and was materially and spiritually deprived as a maidservant to her husband. Gold Flower's "liberation" from most of this, of course, is the heart of the story, and the Communists played a decisive role in it. Belden, writing in 1948, commented:

> The fact that the pain, anguish and despair of Chinese womanhood has been transmitted by revolutionary fires into new feelings of joy, pride and hope is a phenomenon of tremendous significance for all the world. The revolt of woman has shaken China to its very depths and may shake the foundations of even this strong country. Yet political commentators ignore these peasant women as if they had no part in the drama now being enacted on the stage of world history.[71]

The Communists lifted many of the burdens from the backs of women, organized them into women's associations, and encouraged them to participate in production, especially home industry, and in guerrilla struggles against the Japanese. Selden did not miss the significance of this:

> Through the cooperative and textile movements [home industry] and, in the rear-area bases, above all as a result of their valuable contributions to the guerrilla struggle, the role of Chinese women was being transformed. . . . The resistance period was . . . crucial in bringing Chinese women out of the home and into the mainstream of Chinese society. It marked a period of major advance in the achievement of women's political, educational, and economic rights, commensurate with their positive new social contributions.[72]

With regard to political rights, women gained many elected and appointed positions, and many actively participated in political discussions and in the decisions of the community. Nevertheless, as Selden observed, despite all the progress made in these years, many of the age-old problems remained intractable.

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The Superstructure

In Marxian theory, the superstructure consists of the ideology, systems of authority, and other institutions designed to support the existing class structure of society. When class structures are thoroughly changed, as they were in the Communists' base areas, the main elements of the superstructure have pressure exerted on them, too, to undergo transformation. Mao recognized this in his 1927 report on the peasants, as I have indicated when discussing the role of women. These passages are so illuminating in showing how Mao blended Marxism with his Chinese background that they are well worth quoting at length.

> A man in China is usually subjected to the domination of three systems of authority: (1) the state system (political authority), ranging from the national, provincial and county government down to that of the township; (2) the clan system (clan authority), ranging from the central ancestral temple and its branch temples down to the head of the household; and (3) the supernatural system (religious authority), ranging from the King of Hell down to the town and village gods belonging to the nether world, and from the Emperor of Heaven down to all the various gods and spirits belonging to the celestial world. As for women, in addition to being dominated by these three systems of authority, they are also dominated by the men (the authority of the husband). These four authorities—political, clan, religious and masculine—are the embodiment of the whole feudal-patriarchal system and ideology, and are the four thick ropes binding the Chinese people, particularly the peasants. . . .
>
> At the present time . . . the peasants are concentrating on destroying the landlords' political authority. Wherever it has been wholly destroyed, they are beginning to press their attack in the three other spheres of the clan, the gods and male domination. But such attacks have only just begun, and there can be no thorough overthrow of all three until the peasants have won complete victory in the economic struggle. Therefore, our present task is to lead the peasants to put their greatest efforts into the political struggle, so that the landlords' authority is entirely overthrown. The economic struggle should

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follow immediately, so that the land problem and other economic problems of the poor peasants may be fundamentally solved. As for the clan system, superstition, and inequality between men and women, their abolition will follow as a natural consequence of victory in the political and economic struggles.[73]

This development strategy, expressed so clearly in one of Mao's early writings, was to be closely followed by him from that time on: politics first, then economics, and finally the superstructure. This was roughly the line of attack organized by the Maoists during the Kiangsi soviet period. After the political or class struggle was more or less won, the Maoists tried to generate larger economic output, not primarily by directly increasing the productive forces of the base areas but through radical alterations of those social institutions intimately related to the work process—the structure of land ownership and use, agricultural work organizations, consumer organizations, and so on. But the Maoists also used land reforms to further the political struggle; in this and other ways the economic and political struggles were intertwined.

Beyond this, and mostly with regard to the superstructure, serious efforts were made to raise labor productivity by increasing the peasants' dedication to their work, their enthusiasm for it, and the efficiency and rationality with which they did it. For Maoists, this required not only that old systems of authority be dissolved but that "correct ideas" be taught to both the cadres and the masses and also that cadres, in their contacts with the masses, employ correct methods of formulating policies and of translating them into actions and results. New ideas and new systems of authority, both responsive to the needs of the peasants, were to be established.

Perhaps the most striking aspect of economic policy in this period was the Maoists' belief that to raise labor productivity, correct ideas and correct methods of work are just as important as the specification of the tasks to be accomplished. Although it is vital, for example, to state clearly what is to be achieved in a land reform, it is distinctive of the Maoists that they exerted

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more effort in specifying why it should be done and exactly how to achieve it. This effort moved the program from the desk to the earth.

Correct Ideas

It is a Marxian notion that the ruling ideas of a society are, by and large, the ideas of the ruling classes—ideas that support the privileged positions of these classes and hold the lower classes in subservient positions. Since such ruling-class ideology is meant to immobilize the masses and induce them to accept their lot, however miserable, it is imperative, as Marxists see it, that this ideology be destroyed when the masses—or their vanguard—have overthrown the old ruling classes and are for the first time in a position to substantially improve their lives. It is then necessary for the masses, if their promise is to be fulfilled, to sweep away old ideas, habits, and customs and replace them with the new. Marxists claim that this can be done only if the masses actively participate in changing their world at the same time they study the debilitating effects of the old systems of authority and ideas; only through a combination of theory and practice can the new ideas become potent forces in the everyday lives of the people.

In 1927, Mao was already scrutinizing the world with Marxian eyes. He was pleased that the peasants were struggling against the old ruling classes and what he called "patriarchal ideas."[74] One such idea was that any threatening, excessive behavior by the peasants must be denounced as a terrible thing. Mao explained that this reaction "is obviously a theory for combating the rise of the peasants in the interests of the landlords; it is obviously a theory of the landlord class for preserving the old order of feudalism and obstructing the establishment of the new order of democracy, it is obviously a counter-revolutionary theory."[75] And then Mao pronounced the corrective: "Proper limits have to be exceeded in order to right a wrong, or else the wrong cannot be righted." The "proper limits" were always established by the classes benefiting from the perpetuation of the wrong. Mao's editors noted that "the old Chinese phrase, 'exceed-

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ing the proper limits in righting a wrong,' was often quoted for the purpose of restricting people's activities; reforms that remained within the framework of the established order were to be permitted, but activities aiming at the complete destruction of the old order were to be forbidden. . . . It is a convenient doctrine for reformists and opportunists in the revolutionary ranks."[76]

These old ideas, of course, excluded revolution, as Mao explained in a famous passage: "A revolution is not a dinner party, or writing an essay, or painting a picture, or doing embroidery; it cannot be so refined, so leisurely and gentle, so temperate, kind, courteous, restrained and magnanimous." These were the refined virtues of Confucius and, Mao implied, they support the landlord class by ideologically disarming the peasants.[77]

Mao attacked, for the same reason, the superstitious ideas of the peasants, which came from their subjection to the supernatural system, and inculcated passivity and resignation. The middle peasants, in judging the new peasant associations, Mao said, "knit their brows and think to themselves, 'Can the peasant associations really last?' 'Can the Three People's Principles prevail?' Their conclusion is, 'Afraid not!' They imagine it all depends on the will of Heaven and think, 'A peasant association? Who knows if Heaven wills it or not?' "[78]

Mao related that, while in the countryside for his investigation, he did some propaganda work against superstition. In this marvelous passage containing a blend of Marxian class struggle and old Chinese traditions, he talked with the peasants:

> If you believe in the Eight Characters [a method of fortune telling in China], you hope for good luck; if you believe in geomancy [the superstition that the location of one's ancestors' graves influences one's fortunes], you hope to benefit from the location of your ancestral graves. This year within the space of a few months the local tyrants, evil gentry and corrupt officials have all toppled from their pedestals. Is it possible that until a few months ago they all had good luck and enjoyed the benefit of well-sited ancestral graves, while suddenly in the last few months their luck has turned and their ancestral graves have ceased to exert a beneficial influence? The local tyrants and evil gentry jeer at your peasant associa-

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> tion and say, "How odd! Today, the world is a world of committeemen. Look, you can't even go to pass water without bumping into a committeeman!" Quite true, the towns and the villages, the trade unions and the peasant associations, the Kuomintang and the Communist Party, all without exception have their executive committee members—it is indeed a world of committeemen. But is this due to the Eight Characters and the location of the ancestral graves? How strange! The Eight Characters of all the poor wretches in the countryside have suddenly turned auspicious! And their ancestral graves have suddenly started exerting beneficial influences! The gods! Worship them by all means. But if you had only Lord Kuan [a warrior widely worshipped as the God of Loyalty and War who lived about A.D. 200] and the Goddess of Mercy and no peasant association, could you have overthrown the local tyrants and the evil gentry? The gods and goddesses are indeed miserable objects. You have worshipped them for centuries, and they have not overthrown a single one of the local tyrants or evil gentry for you! Now you want to have your rent reduced. Let me ask, how will you go about it? Will you believe in the gods or in the peasant association?

Mao reported that these words "made the peasants roar with laughter."[79]

He was worried about the tendency of the new political executive committees and councils, in the Chingkang Mountains area, to become dictatorial and manipulative. He attributed this to the fact that "the evil feudal practice of arbitrary dictation is so deeply rooted in the minds of the people and even of the ordinary Party members that it cannot be swept away at once; when anything crops up, they choose the easy way and have no liking for the bothersome democratic system." Mao then implied that propaganda alone would not correct this: "Democratic centralism can be widely and effectively practised in mass organizations only when its efficiency is demonstrated in revolutionary struggle and the masses understand that it is the best means of mobilizing their forces and is of the utmost help in their struggle."[80]

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Ruling-class ideas among the peasants arose not only from the desire of the higher classes to maintain their privileged positions but also directly from the structure of society's economic base. Mao indicated that the poverty of China's means of production served to hold the economy in a peasant (poor agricultural) status in which small-scale, individual-family farming and handicrafts predominated within a survival atmosphere. This petty-bourgeois world led to the acceptance of ideas of ultra-democracy—to people going their own way, excessively criticizing others, and "doing battle" in a hostile world against their neighbor's own necessities.[81]

The correct ideas, for Mao, were proletarian ideas, Marxist-Leninist ideas which reflect the interests of the working classes. Mao stressed that cadres and the masses should adopt democratic-centralism; make careful class analyses of problems, investigate problems thoroughly by gathering all the facts, and try to put them into a wide context so that they take on more meaning; and acquire unity of purpose, discipline, selflessness, and modesty.[82] The critical task was to shake off the old systems of authority, which mystified and distorted the world, and to look at the world rationally.

Correct Methods of Work

I have already intimated that Mao considered methods of work as important as the tasks to be accomplished. In early 1934, he expressed the issue this way:

> We are the leaders and organizers of the revolutionary war as well as the leaders and organizers of the life of the masses. To organize the revolutionary war and to improve the life of the masses are our two major tasks. In this respect, we are faced with the serious problem of methods of work. It is not enough to set tasks, we must also solve the problem of the methods for carrying them out. If our task is to cross a river, we cannot cross it without a bridge or a boat. Unless the bridge or boat problem is solved, it is idle to speak of crossing the river. Unless the problem of method is solved, talk about the task is useless.[83]

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The first requirement was to discover the correct method of organization for any unit, and this method was democratic-centralism, a method of democracy under central guidance. Mao elucidated it carefully. First, there are centers of leadership that give a correct line of guidance, based on familiarity with the life of the masses; decisions must be promptly transmitted to the lower bodies and carried out by them after discussion meetings with lower cadres and the rank and file regarding the meaning of the directives and the methods of carrying them out.[84]

Second, it was necessary to train large numbers of cadres for the work of implementing decisions and maintaining close contact with the masses.

Third, the masses had to be mobilized by various means when any important policy was to be carried out:

> Our objectives cannot be attained unless we use various organizational means to mobilize the masses and conduct propaganda among them . . . that is to say, unless the presidiums and the economic and finance departments of the government bodies at all levels actively attend to discussing and checking up on the work of economic construction, unless they spur the mass organizations into action and hold mass propaganda meetings.[85]

Fourth, cadres must not be bureaucratic; they must instead use practical and concrete methods. In a striking passage, Mao warned: "Bureaucratic leadership cannot be tolerated in economic construction any more than in any other branch of our revolutionary work. The ugly evil of bureaucracy, which no comrade likes, must be thrown into the cesspit."[86] Furthermore, cadres must not be "bossy" and use "commandism" in carrying out their tasks. "We must reject commandism; what we need is energetic propaganda to convince the masses, and we should develop the co-operatives, promote the sale of bonds and do all the work of economic mobilization in accordance with the actual conditions and the real feelings of the masses."[87] Some years earlier Mao had alluded to this problem of commandism when he expressed concern about how to sweep away peasants' superstitions and religious idols:

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> It is the peasants who made the idols, and when the time comes they will cast the idols aside with their own hands; there is no need for anyone else to do it for them prematurely. The Communist Party's propaganda policy in such matters should be, "Draw the bow without shooting, just indicate the motions." It is for the peasants themselves to cast aside the idols, pull down the temples to the martyred virgins and the arches to the chaste and faithful widows; it is wrong for anybody to do it for them.[88]

Finally, cadres must make correct, rational analyses of the situations they face. They should always gather the facts, investigate all sides of the problem, and try to place the problem in a broad context so that it can be better understood. Cadres must pay attention to the fact that everything depends on everything else.[89] In brief, as we shall now see, they should learn to judge the world in a Marxist-Leninist way.

The Rectification Movement

The Rectification Movement of 1942-1944 was to teach large numbers of party members the fundamentals of Marxism and their application to the Chinese revolution. The party issued study documents, discussion groups were organized, and general examinations were held at the end. There followed a period for the investigation of party work and finally a period "in which members in the individual organs and schools were to draw conclusions on the quality of their comrades' work, then submit reports to higher levels for approval."[90]

The need for this grew out of the huge increases in party membership from 1937 to the early 1940s—from forty thousand to eight hundred thousand—and most of these new members' ignorance of the Marxian basis of their party. The theme of the Rectification Movement was the union of "the universal truths of Marxism-Leninism with the concrete reality of the Chinese revolution."[91] Mao demanded that Marxism be made Chinese. The specific target of the movement was the group of party leaders who had studied in Moscow and who, Mao felt, on returning to China had used Marxism-Leninism in a dogmatic

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way which had little relevance for the concrete conditions of China's revolution. Mao believed that greater ideological unity in party work was essential, given the intensified military demands imposed on the party at that time by the Kuomintang and the Japanese. "The rectification movement was born of the crisis precipitated by the Japanese offensive and the intensified Kuomintang blockade," Selden stated.[92] It was during these difficult times that the entire party went to school.

The prevailing opinion about the Rectification Movement is that it sought unity of thought and tight discipline, which it was hoped would increase the efficiency of party work. There is evidence to sustain this view, for the Reform Documents, which contained the study papers, were expressed in exactly that way. For instance, in Mao's speech of February 1, 1942, he stated:

> Why must there be a revolutionary party? There must be a revolutionary party because the world contains enemies who oppress the people and the people want to throw off enemy oppression. In the era of capitalism and imperialism, just such a revolutionary party as the Communist Party is needed. Without such a party it is simply impossible for the people to throw off enemy oppression. We are Communists, we want to lead the people in overthrowing the enemy, and so we must keep our ranks in good order, we must march in step, our troops must be picked troops and our weapons good weapons.[93]

In this address Mao also criticized party members who did not understand democratic-centralism: ". . . they do not realize that the Communist Party not only needs democracy but needs centralization even more. They forget the system of democratic centralism in which the minority is subordinate to the majority, the lower level to the higher level, the part to the whole and the entire membership to the Central Committee."[94] Accordingly, from this viewpoint, the Rectification Movement can be visualized as a purge of wrong views and a closing of ranks ideologically, for the purpose of "defeating the enemy."

There is also evidence, however, that this movement, by

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instructing cadres in Marxism-Leninism and by encouraging them to apply this world outlook to Chinese problems, was also meant to increase cadres' powers of analysis, their ability to see the world correctly and hence to pursue realistic and intelligent goals, and their general intelligence. The intention was to present a valid picture of the modern world so as to enable cadres to make correct decisions and to act in a rational, scientific way. Mao expressed this in a remarkable passage:

> Our comrades must understand that we do not study Marxism-Leninism because it is pleasing to the eye, or because it has some mystical value, like the doctrines of the Taoist priests who ascend Mao Shan to learn how to subdue devils and evil spirits. Marxism-Leninism has no beauty, nor has it any mystical value. It is only extremely useful.[95]

The usefulness of Marxism-Leninism, according to Mao, lay in its "universal truth" of historical and dialectical materialism,[96] which are not dogmas but guides to action;[97] they are guides to linking the theory of Marxism-Leninism to the practice and realities of China's own revolution. The materialism of Marxism-Leninism tells us, Mao wrote in 1942, that "being determines consciousness, that the objective realities of class struggle and national struggle determine our thoughts and feelings."[98] It instructs us that man's social practice—that is, his activity in the struggle for production, in class struggle, and in scientific and artistic pursuits—"exerts a profound influence on the development of man's knowledge."[99] Mao later composed a now-famous passage as the vehicle of these thoughts:

> Where do correct ideas come from: Do they drop from the skies? No. Are they innate in the mind? No. They come from social practice, and from it alone. . . . It is man's social being that determines his thinking. Once the correct ideas characteristic of the advanced class are grasped by the masses, these ideas turn into a material force which changes society and changes the world . . . the one and only purpose of the proletariat in knowing the world is to change it. Often, a correct idea can be arrived at only after many repetitions of the process leading from matter to consciousness and then back to

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> matter, that is, leading from practice to knowledge and then back to practice. Such is the Marxist theory of knowledge, the dialectical materialist theory of knowledge.[100]

Mao is a Marxist dialectician, and dialectics is the study of contradictions. As Mao observes the world, contradiction is universal and absolute; it is present in the process of development of all things and permeates every process from beginning to end. "The law of contradiction in things, that is, the law of the unity of opposites, is the basic law of materialist dialectics."[101] All things change and develop; the cause is primarily internal—the development of their internal contradictions; external causes of change become operative through internal causes.

Every form of society and every form of ideology, Mao has written, has its own particular contradiction. In order to reveal the special attributes of the contradictions in any ongoing process, it is necessary to look closely at the two aspects of each contradiction. A process, such as the Chinese revolution, has a continuing fundamental contradiction; when it changes, the process becomes a new one—the essence of the Chinese revolution, for example, changes. Within each process, there are stages in which secondary contradictions change. If people do not pay attention to the stages in the process of development of a thing, they cannot deal with its contradictions properly. There are many contradictions in the process of development of a complex thing, and one of them is necessarily the principal contradiction, the existence and development of which influence the existence and development of the other contradictions. Finally, in any contradiction, principal or secondary, the development of the contradictory aspects is uneven; one aspect is principal, the other secondary.[102]

Because Mao was continually immersed in dialectical reasoning and because the teaching of it played a central role in the Rectification Movement, it would seem best to illustrate Mao's analysis with concrete examples from one of the "processes" which occupied most of his time, the revolution itself. In the scheme below, I picture the Chinese revolution as having only two contradictions and each contradiction as having only

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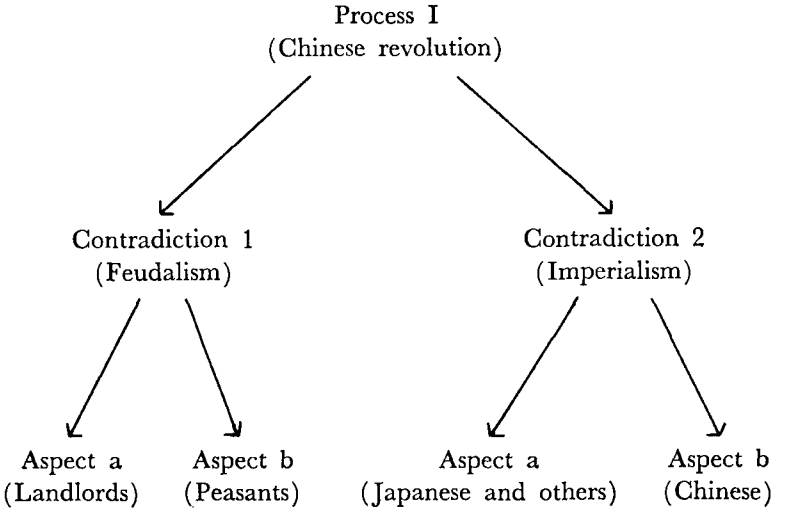
two aspects. Thus, in the Chinese revolution, feudalism and imperialism are the two contradictions, one of which at any time is the principal contradiction. But the situation is not



static; feudalism may be the principal one today, imperialism tomorrow. The two aspects of feudalism, landlords vs. peasants, differ from the two aspects of imperialism, Japanese vs. Chinese. In each contradiction, there is a principal aspect—for example, the landlords may completely dominate the peasants. But, once again, the situation is not static, for tomorrow the peasants may be the principal aspect in that contradiction. Finally, there is both unity and struggle between the two aspects; each exists only because of the presence of the other, but there is struggle within this unity.

Since Mao saw the world dialectically, it is evident that his policies for resolving contradictions would differ from one period to the next as the nature of the contradictions changed. There is no one set of economic or social policies that can be considered technically superior or optimal at all times. The concrete situation must be analyzed in each case: exactly what is the principal contradiction and its principal aspect? how is

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the contradiction developing? how is it influencing the other contradiction? In the following passage, Mao reveals his dialectical viewpoint and specifies the policies required to deal with each contradiction:

> Qualitatively different contradictions can only be resolved by qualitatively different methods. For instance, the contradiction between the proletariat and the bourgeoisie is resolved by the method of socialist revolution; the contradiction between the great masses of the people and the feudal system is resolved by the method of democratic revolution; the contradiction between the colonies and imperialism is resolved by the method of national revolutionary war; the contradiction between the working class and the peasant class in socialist society is resolved by the method of collectivization and mechanization in agriculture; contradiction within the Communist Party is resolved by the method of criticism and self-criticism; the contradiction between society and nature is resolved by the method of developing the productive forces. Processes change, old processes and old contradictions disappear, new processes and new contradictions emerge, and the methods of resolving contradictions differ accordingly. . . . The principle of using different methods to resolve different contradictions is one which Marxist-Leninists must strictly observe. The dogmatists do not observe this principle; they do not understand that conditions differ in different kinds of revolution and so do not understand that different methods should be used to resolve different contradictions; on the contrary, they invariably adopt what they might imagine to be an unalterable formula and arbitrarily apply it everywhere.[103]

Mao believed that the dialectical viewpoint enables one to understand reality and to handle its contradictions. This viewpoint also encompasses a broad historical approach to current problems. A 1942 Central Committee resolution, in outlining the program to educate cadres, noted: "Apart from a mastery of specialized work, department conditions, and policy, the purpose of political education is the understanding of general conditions and policy, the broadening of vision, and the avoidance of prejudice and the error of narrow specialization without an understanding of the general situation."[104]

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Poor, ineffective thinking, Mao instructed, comes from the "three ill winds" of subjectivism, sectarianism, and stereotyped party writing—all of which are a reflection of petty-bourgeois ideology in the party.[105]

Subjectivism indicates errors with the style of study, and it takes the two forms of dogmatism and empiricism, the former being theory and booklearning without concrete practice or experience and the latter being ample experience without a theoretical foundation.

The dogmatists "fancy themselves very learned and assume airs of erudition"; they know and can recite a great many Marxist-Leninist books, but they do not know how, or make little attempt, to apply the theory to "the realities of China's history and revolution." "Our achievements on the theoretical front will be poor indeed if, as members of the Communist Party of China, we close our eyes to China's problems and can only memorize isolated conclusions or principles from Marxist writings. If all a person can do is to commit Marxist economics or philosophy to memory, reciting glibly from Chapter I to Chapter X, but is utterly unable to apply them, can he be considered a Marxist theorist? No! He cannot."[106]

At the opposite end, the empiricists have much practical experience but they come to grief by misusing their experiences because of lack of theory. They have perceptual knowledge, which is partial, and lack rational knowledge, which is comprehensive.

> Thus, there are two kinds of incomplete knowledge, one is ready-made knowledge found in books and the other is knowledge that is mostly perceptual and partial; both are one-sided. Only an integration of the two can yield knowledge that is sound and relatively complete.[107]

Mao pressed on to explain that booklearning must develop in the direction of practice and that those who are rich in experiences must take up the study of theory. Theory and practice must be combined—in reality and not just in talk. Subjectivism, in both of its polar forms of dogmatism and empiricism, can be combated by the teaching of materialism and dialectics.[108]

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Just as subjectivism indicates errors in the style of work, sectarianism indicates errors in the style of party relations; it is "an expression of subjectivism in organizational relations"[109] and assumes the general form of favoring small groups and individual activities. It means, in its internal manifestations, putting oneself or one's small group ahead of the party, not understanding the party's system of democratic-centralism, and stressing the part and neglecting the whole. In its external manifestations, sectarianism means exclusiveness toward people outside the party, a closed-door attitude, disrespect for "outsiders." Sectarianism can be overcome if party members realize that the enemy cannot be defeated unless the party is put first and they unite with as many revolutionary forces as possible.

Finally, stereotyped party writing is the "instrument of propaganda or form of expression" for subjectivism and sectarianism.[110] It is a type of writing and speechmaking that lacks the critical spirit of dialectical materialism: it is purely formal in that it regards what is bad as wholly bad and what is good as wholly good. This bourgeois formalism mouths empty phrases, makes a false show of authority to instill terror, uses insipid language, categorizes thoughts in an empty one-two-three fashion, and fails to keep the target or objective in mind.[111]

Mao traced this party formalism to the May 4th Movement of 1919, which "opposed the traditional [Confucian] dogmas and advocated science and democracy."[112] The old dogmas constituted old formalism which compelled people to write in the literary style and to believe in a set of Confucian doctrines.[113] The May 4th Movement overcame the old formalism but itself succumbed to newer types of formalism—right formalism associated with the bourgeois branch of the May 4th Movement and left formalism associated with the Marxist branch. The Marxist movement has within it the correct method of dialectical materialism but it also has the incorrect method of formalism. This left formalism, as already noted, produces the species of subjectivism, sectarianism, and stereotyped party writing. "So it can be seen," Mao said, in a show of dialectics, "that stereotyped party writing is no accident, but is, on the

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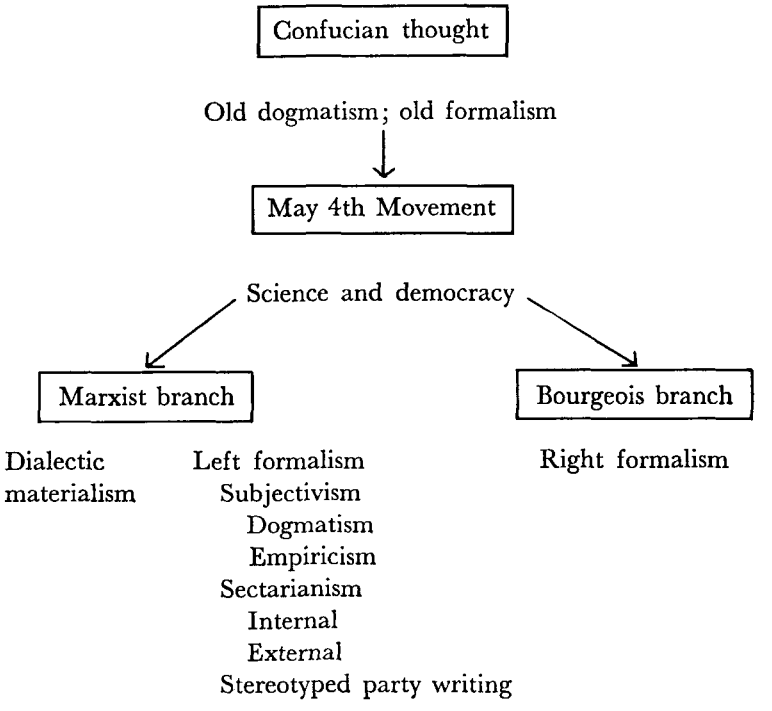
one hand, a reaction to the positive elements of the May 4th Movement and, on the other, a legacy, a continuation or development of its negative elements."[114] This style of writing, Mao thought, reflected incorrect ways of learning and incorrect human relations, and it was "unsuitable for expressing the revolutionary spirit," not "vigorous, lively, fresh and forceful" as was the Marxist-Leninist style of writing.[115]

Mao's analysis can be shown schematically in the following way:



Mao desired not only unity and discipline but also cadres who could view the world correctly and act in it in a rational, intelligent way. The three evils of subjectivism, sectarianism, and stereotyped party writing blocked these possibilities for many cadres and so had to be expelled by means of an intensive study of Marxism-Leninism and its application to China. But, Mao insisted, "If there is not a comparatively high cultural

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level, the mastery of Marxist-Leninist theory is impossible."[116] And by culture Mao meant literacy and a general knowledge of history, geography, social and political science, and natural science. Thus, there had to be a study of current affairs, historical research, and the application of Marxism-Leninism to China. There had to be more solid research and investigation in many fields by the cadres, for, as Mao stated, "After political policy has been determined, the cadres are the all-decisive factor."[117] Consequently, the Rectification Movement, in its economic dimensions, raised the ability of cadres and party members to deal effectively with problems of economic construction and reform. And it was expected that Marxist-Leninist thinking, a superior kind of thought, would lead to more correct answers, fewer mistakes, and in general to higher labor productivity.

In mid-1949, on the eve of complete victory, Mao wrote: "Communists the world over are wiser than the bourgeoisie, they understand the laws governing the existence and development of things, they understand dialectics and they can see farther."[118] That was the conviction behind the Rectification Movement.

Conclusions

In this final section, I wish first to explain what Mao meant by economic policymaking and then, on the basis of this, to summarize the overall economic strategy he preferred during the formative years of 1927 through 1949. This is followed by a discussion of the role of the "mass line" in policymaking and then by a short reminder of Mao's emphasis on "man" as the most powerful productive force. After that, I review the reasons why Mao occasionally changed his economic tactics, within his general strategy, an explanation that is founded on his examination of the development of the Chinese revolution. Finally, there is a brief account of Mao's look into the future, as he appraised the situation in the years 1947 to 1949, just before he and his party gained complete control of China.

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Economic Policies and Contradictions

The distinctive features of Mao's policymaking issue from his materialist-dialectical world outlook. The theory of materialist dialectics states that development arises fundamentally from the contradictions inside a thing, from its internal and necessary self-movement and only secondarily from its interactions with other things, and that such development frequently results in one quality changing into another, in qualitative leaps rather than in continuous quantitative changes. Mao has proposed that this world outlook "teaches us primarily how to observe and analyse the movement of opposites in different things and, on the basis of such analysis, to indicate the methods for resolving contradictions."[119]

Each contradiction has a particular essence that makes it qualitatively different from the others. "Qualitatively different contradictions," Mao tells us, "can only be resolved by qualitatively different methods."[120] But all important methods of resolving contradictions are forms of struggle, including revolutionary wars, cultural revolutions, radical changes in social relations, increases in productive forces, criticism and self-criticism. A contradiction is resolved by developing it, through some appropriate form of struggle, into a state of qualitative change in which disharmony and disequilibrium exist and each aspect of the contradiction is transformed into its opposite, thereby dissolving the contradiction as an entity. A contradiction cannot be resolved when it is in a state only of quantitative change, when harmony and equilibrium prevail, for then each aspect of the contradiction, though in struggle with its opposite, maintains its identity without changing the basic nature of the contradiction. To be eliminated, a contradiction must first be intensified.

Policymaking is the act of choosing the form of struggle most suitable for resolving a contradiction. An economic policy is a form of struggle that is intended to resolve a contradiction and by so doing to expand society's productive forces. Economic policies may affect the productive forces directly or

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they may do so indirectly, by first influencing other elements of the economic base. Other policies—social, cultural, political, and military—directly impinge on the superstructure. Nevertheless if these policies are intended ultimately to enlarge the productive forces, they can be termed quasi-economic policies.

As Mao sees it, economic policies initiated by the state—whether direct, indirect, or quasi—are intended to increase the productive forces in ways that strengthen the position of the ruling class, and they are effective in doing so to the extent that they resolve the contradictions facing that class. But since the contradictions change with the historical development of society—in fact, society is pushed forward by the development of its contradictions—economic policies in turn must change with the concrete conditions. Hence, there is no single set of economic policies that is technically optimal at all times. The best policy for a ruling class is one that best resolves the particular contradiction blocking further expansion of the productive forces and that once resolved will solidify the position of the ruling class. Effective economic policies, therefore, by helping to resolve contradictions aid the advancement of society, which generates still newer contradictions, which in turn call for different economic measures to resolve them.

The particular economic policy appropriate for resolving the contradiction that hinders development of the productive forces depends on the nature of the contradiction and its principal aspect. Thus, if the major contradiction is between the productive forces and the relations of production, the principal aspect must first be identified. Then an economic policy can be designed to work through that aspect to resolve successfully the contradiction. As Mao stated in examining this problem: "When it is impossible for the productive forces to develop without a change in the relations of production, then the change in the relations of production plays the principal and decisive role." In this case the appropriate policy is an indirect one; in the contrary case, direct economic programs would be most suitable. Similarly, to turn to Mao again, "When the superstructure [politics, culture, etc.] obstructs the development of the eco-

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nomic base, political and cultural changes become principal and decisive."[121] To achieve such changes, quasi-economic programs, to use our terminology, are called for.

Consequently, a society's productive forces can be expanded by means of direct, indirect (through the relations of production), or quasi (through the superstructure) economic policies. Mao's broad view of economics, which is not limited to direct measures, does not signify, he has explained, an antimaterialism.

> The reason is that while we recognize that in the general development of history the material determines the mental and social being determines social consciousness, we also—and indeed must—recognize the reaction of mental on material things, of social consciousness on social being and of the superstructure on the economic base. This does not go against materialism; on the contrary, it avoids mechanical materialism and firmly upholds dialectical materialism.[122]

In fact, from 1927 to 1949 Mao's strategy was not confined to direct policies to expand the productive forces. Instead, whether out of necessity or conviction, his strategy was considerably more elaborate, as he later explained in stating what he believed to be the general law of social development: "Historical experience has proved that only by first creating revolutionary public opinion and seizing political power, and then changing the relations of production, is it possible to greatly develop the productive forces."[123] If the working classes do not first have political power, they have no base on which to construct new relations of production; and if they do not have those, the development of their productive forces will be obstructed. Therefore, policies must be indirect before they can be directly aimed at the productive forces. And, it can be added, a cultural revolution to change the superstructure may also be necessary to lower further the barriers to continued progress in the economic base.

These actions, placed in temporal sequence, can be schematized in the following way:

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Policies	*Area of impact*
First	
Win the political (revolutionary war) struggle	The state in the superstructure
Second	
Win the economic (production) struggle	Economic base
(a) carry out land reform	Relations of production
(b) carry out land investigation	
(c) promote mutual aid and cooperatives	
(d) achieve agricultural (and industrial) development of productive forces	Productive forces
Third	
Win the cultural and ideological struggle	Superstructure

It should be stressed that, in practice, Mao's general strategy was not so rigid that one struggle had to be completed before the next began, for there was in fact a great amount of overlapping of policies. But the above portrays accurately what Mao then considered to be the optimal strategy for raising the living standards of the working classes in ways that would simultaneously strengthen their advantage over former oppressors.

Economic Policies and the Mass Line

Economic policies, we have just seen, are meant to increase the productive forces in ways that strengthen the desired relations of production. A distinctive feature of Maoism is its "mass line," which is a method of involving the masses in policy formulation and implementation for the purpose of achieving the above desideratum. The mass line enables the party leaders to unearth what the masses are thinking and so to fashion correct policies with their support. Mao expressed this feature of the mass line in 1943: "In all practical work of our party, correct leadership can only be developed on the principle of 'from the masses, to the masses.' . . . The basic method of

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leadership is to sum up the views of the masses, take the results back to the masses so that the masses can give them their firm support and so work out sound ideas for leading the work on hand."[124]

In addition, new economic policies change the social environment in which the masses live and work; such changes can endure and bear fruit only if the masses are actively involved in formulating and implementing the very policies which initiated the social changes. For example, peasants can lastingly benefit from a land reform, which radically transforms the social conditions, only if they have changed themselves from passive, resigned, and superstitious vassals of their "natural" masters to politically aware, vigilant, and class-conscious rural proletariat. And this is possible only if the peasants themselves, under the leadership of dedicated cadres, actively participate in all phases of the land reform and so come to understand the class structure of their society and the institutions and ideas bolstering that structure. With this understanding, they will comprehend their own oppression and the solution to it.

Consequently, the Maoist view is that economic policies succeed when they change both the objective conditions and "man" himself, and "man" is changed by his own attempts at changing the world. These two phases are brought into focus in the mass line.

Economic Policies and "Man"

Economic policies are directed at the expansion of society's productive forces, with the ultimate aim of raising national output and, with the proper social relations, the living standards of the working classes. National output per capita can be increased if the growth of the productive forces raises the productivity of the working classes. The traditional bourgeois ways of doing that are to provide workers with more and better capital goods and to achieve more efficient management and organization of the work. In addition, workers themselves can become better educated, healthier, and more skilled and thus realize higher productivity.

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Mao has not scorned these productivity-enhancing modes, but he, following Marx, believes that people are by far the most important productive force of all. By that he means that workers' productivity can be greatly enhanced only if the masses are aroused by revolutionary forces and inspired by stimulating purposes, if they are imbued with the desire and need for hard work to complete tasks which they deem eminently worthy of them as human beings. Mao recently referred to this in speaking of China's socialist and technological revolutions of the 1950s: "Our revolutions are like battles. After a victory, we must at once put forward a new task. In this way, cadres and the masses will forever be filled with revolutionary fervour."[125] Revolutionary fervor, Mao would agree, is a factor many times more powerful than new machinery, chemical fertilizers, or modern buildings—or even an atom bomb.

Joan Robinson, the distinguished British economist, once told me, when discussing Britain's lagging labor productivity: "Just think what we could do if people really wanted to work." This is the simple lesson that Mao learned long ago, a lesson that is still hidden from most bourgeois economists, it seems, within the dark chambers of the "residual" element in their production functions.

Economics and the Chinese Revolution

Mao's strategy called for an attack on the economic base after political power had been assured. But this attack could take many different forms. The problem was to choose the best economic measures that would, indirectly or directly, enlarge the productive forces while furthering the leadership of the revolutionary classes in China's revolutionary movement. Mao solved this problem through an analysis of the historical development of the Chinese revolution, an analysis that indicated to him the specific types of policies that would be consistent with the revolution's particular stage of development.

As Mao studied his country's historical progress, he concluded that China gradually changed from a feudal society to a semi-colonial, semi-feudal society after the Opium War of

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1840, when foreign capital, in increasing flows, began its invasion of the country. Mao supposed that China would have slowly developed into a capitalist country in any case, owing to the growth of its productive forces and thus the development of internal contradictions which in time would have dissolved feudalism, but that the penetration of foreign capital accelerated the process. For various reasons, this penetration was incomplete, which meant that China became a semi-colony rather than a full-fledged one. At the same time, the penetration established and fostered only some capitalist elements in Chinese society, thereby failing to transform it into a full capitalist economy. Hence, China remained semi-feudal.[126]

From 1931 to 1945, the new element of "colonialism" was added by the Japanese invaders who at that time began full colonization of northeast China. Mao analyzed the new development in late 1939: "China today is colonial in the Japanese-occupied areas and basically semi-colonial in the Kuomintang areas, and it is predominantly feudal or semi-feudal in both."[127] Consequently, during these years, Mao called China a colonial, semi-colonial, and semi-feudal country. Presumably, after 1945, when the Japanese had been defeated, China reverted to its semi-colonial, semi-feudal status and finally shed these appellations when the Communists liberated the country in 1949. After that, China became a society of "new democracy," which was succeeded by a socialist one in 1956.[128]

As Mao surveyed and interpreted the historical revolutionary scene, the rising capitalist classes in Western Europe had carried out bourgeois revolutions against the old feudal classes. Eventually the proletariat of these countries would carry out socialist revolutions against their capitalist classes. Prior to the Bolshevik Revolution of 1917, the revolutionary movements in the underdeveloped world, including China, were bourgeois-democratic, in that they were led by rising national capitalist classes against the old order with the objective in each country of establishing a bourgeois society. After the Bolshevik Revolution, however, the situation in the underdeveloped world was drastically changed. From that moment the proletariat and the peasantry began to assume command of the revolutionary

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movements, aided by the emergence of the Soviet Union, with the objective of establishing a proletarian-socialist society, though only after a coalition of revolutionary classes (including parts of the bourgeoisie) had swept away feudalism and imperialism and paved the way with a transitional stage of "new democracy."

Consequently, after 1917, the Chinese revolution was transformed into a new democratic revolution, which as Mao explained, had the following characteristics:

> However, in present-day China the bourgeois-democratic revolution is no longer of the old general type, which is now obsolete, but of a new special type. We call this type the new-democratic revolution and it is developing in all other colonial and semi-colonial countries as well as in China. The new-democratic revolution is part of the world proletarian-socialist revolution, for it resolutely opposes imperialism, *i.e.,* international capitalism. Politically, it strives for the joint dictatorship of the revolutionary classes over the imperialists, traitors and reactionaries, and opposes the transformation of Chinese society into a society under bourgeois dictatorship. Economically, it aims at the nationalization of all the big enterprises and capital of the imperialists, traitors and reactionaries, and the distribution among the peasants of the land held by the landlords, while preserving private capitalist enterprise in general and not eliminating the rich-peasant economy. Thus, the new type of democratic revolution clears the way for capitalism on the one hand and creates the prerequisite for socialism on the other. The present stage of the Chinese revolution is a stage of transition between the abolition of the colonial, semi-colonial and semi-feudal society and the establishment of a socialist society, *i.e.,* it is a process of new-democratic revolution. . . . A new-democratic revolution is an anti-imperialist and anti-feudal revolution of the broad masses of the people under the leadership of the proletariat. Chinese society can advance to socialism only through such a revolution; there is no other way.[129]

Mao went on to point out that the new democratic revolution was different from the old type because it would not result in a dictatorship of the bourgeoisie, as it did in Europe and America, but in a dictatorship of the united front of all revolu-

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tionary classes under the leadership of the proletariat. These revolutionary classes comprised the proletariat, the peasantry, the urban petty bourgeoisie, and at times, the national bourgeoisie (capitalists who had not sold out to imperialism but had retained strong nationalist leanings).[130] The new revolution would result in new democracy, not in capitalism; it would prepare the way for socialism.

The new democratic revolution was also vastly different from a socialist revolution in that it would not destroy "any section of capitalism which is capable of contributing to the anti-imperialist, anti-feudal struggle."[131] Also it would not culminate in the dictatorship of the proletariat; it would not sweep away capitalism but would use it during the transition period.

Since the revolution was of the new democratic type, Mao's economic policies were rather consistently within the bounds of capitalist private ownership. In agriculture, Mao's basic program was to achieve a more equal *private* ownership of land and to encourage cooperative efforts among peasants who retained private ownership of assets. This policy quite often was extended to rich peasants and some landlords. In industry, Mao's purpose was to allow private operation of the firms and not to nationalize them but to improve the working conditions and wages of the workers. He usually made a sharp distinction between landlords' assets in the rural areas and the industrial and commercial concerns they owned in the urban areas (one ownership based on feudal and the other on capitalist relations); the former were confiscated, the latter were untouched. In trade and commerce Mao preferred encouraging, or at least tolerating, much private trading, though he certainly favored strict controls over commercial abuses.

Mao's policies, in keeping with the new democratic nature of the revolution, generally did not include acute struggles between the working classes and the owners of capital: "In the stage of democratic revolution, there are limits to the struggle between labor and capital."[132] Accordingly, his policies embraced some reduction in working hours for the proletariat but not nationalization of the firms; only moderate increases in the wages and living standards of workers but not the abolition

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of private profit-making or the collection of rents and interest; limitations on property returns, not their elimination; progressive income taxes, not the abolition of high incomes. Speaking in 1940, when his mild, reformist policies were at their peak, Mao outlined in a most striking way the bourgeois type of policies being carried out:

> . . . there must not be excessive increases in wages or excessive reductions in working hours. . . . Once a contract between labour and capital is concluded, the workers must observe labour discipline and the capitalists must be allowed to make some profit. . . . Particularly in the rural areas, the living standards and wages of the workers should not be raised too high, or it will give rise to complaints from the peasants, create unemployment among the workers and result in a decline in production . . . this is not the time for a thorough agrarian revolution . . . our present policy should stipulate that the landlords shall reduce rent and interest . . . but the reductions should not be too great. . . . The reduction in interest on loans should not be so great as to render credit transactions impossible. . . . Taxes must be levied according to income . . . the burden shall be carried by more than 80 percent of the population, including the workers and peasants, and not be placed entirely on the landlords and capitalists. . . . Capitalists should be encouraged to come into our anti-Japanese base area and start enterprises here if they so desire.[133]

Not surprisingly, Mao depicted his policies as consistent with capitalism, not socialism: "Our policy, including the confiscation of the land of the landlords and the enforcement of the eight-hour working day, never went beyond the bounds of capitalist private ownership; our policy was not to put socialism in practice then."[134] Of course, land confiscation without compensation does go beyond capitalist bounds by violating private property rights, but Mao was correct that he stayed within such bounds in the redistribution phases of the land confiscation program by making private ownership of land more widespread. The land confiscation itself broke up whatever feudal relationships still prevailed and so prepared the way for a more capitalistic development of agriculture.

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Although Mao's policies were within the limits of capitalism, they were intended to prepare the way for socialism, the main objective. Mao described it thus:

> We mean that the target of this revolution is not the bourgeoisie in general but national and feudal oppression, that the measures taken in this revolution are in general directed not at abolishing but at protecting private property, and that as a result of this revolution the working class will be able to build up the strength to lead China in the direction of socialism though capitalism will still be enabled to grow to an appropriate extent for a fairly long period. "Land to the tiller" means transferring the land from the feudal exploiters to the peasants, turning the private property of the feudal landlords into the private property of the peasants and emancipating them from feudal agrarian relations, thereby making possible the transformation of an agricultural country into an industrial country. Thus, "land to the tiller" is in the nature of a bourgeois-democratic and not a proletarian-socialist demand.[135]

These moderate policies were constantly being attacked by other revolutionaries, by some of Mao's comrades, both from the right and from the left. Rightist tendencies, as Mao saw them, were those promoting leadership by the bourgeoisie of the revolution, those that stressed unity with the bourgeoisie but not struggle against them—"all alliance and no struggle." Rightist tendencies resulted in retreatism, capitulationism, and opportunism; they permitted the bourgeoisie and landlords to gain the initiative and thus to put an end to any movement toward socialism.

On the other hand, from Mao's point of view, leftist tendencies were policies that "jumped over" the bourgeois-democratic stage of the revolution to the socialist stage. They were policies of "all struggle and no alliance"—of refusing to have anything to do with the nonproletarian elements, of making no concessions—policies looking to the "immediate" establishment of socialism and the "immediate" demise of nonproletarian classes.

Although both rightist and leftist tendencies in the party were dangerous, Mao was normally more concerned about the

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latter. As early as 1928, for instance, he mentioned, without pressing the issue, that up until February 1928 "we applied our policy towards the petty bourgeoisie fairly well." Then, he noted, in March they were criticized for rightist policies—not burning and killing enough and "for having failed to carry out the so-called policy of 'turning the petty bourgeois into proletarians and then forcing them into the revolution.' " Mao added that, against his advice, some of these leftist actions were then carried out. "This ultra-Left policy of attacking the petty bourgeoisie drove most of them to the side of the landlords, with the result that they put on white ribbons and opposed us. With the gradual change of this policy, the situation has been steadily improving."[136]

Mao's battle against leftist actions continued throughout the 1930s and 1940s.[137] In late 1947, looking back at some of the ultraleft policies, he observed:

> It is absolutely impermissible to repeat such wrong ultra-left policies towards the upper petty bourgeois and middle bourgeois sectors in the economy as our Party adopted during 1931-1934 (unduly advanced labour conditions, excessive income tax rates, encroachments on the interests of industrialists and merchants during the land reform, and the adoption as a goal of the so-called "workers' welfare," which was a short-sighted and one-sided concept, instead of the goal of developing production, promoting economic prosperity, giving consideration to both public and private interests and benefiting both labour and capital). To repeat such mistakes would certainly damage the interests both of the working masses and of the new-democratic state.[138]

In 1948, Mao continued his list of grievances against the left deviations, most of which he had fought against in the past:

> At present the "Left" deviations consist chiefly in encroaching on the interests of the middle peasants and the national bourgeoisie; laying one-sided stress in the labour movement on the immediate interests of the workers; making no distinctions in the treatment of landlords and rich peasants; making no distinctions in the treatment of big, middle and small landlords, or of landlords who are local tyrants and those who are

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> not; not leaving the landlords the necessary means of livelihood as required by the principle of equal distribution; overstepping certain demarcation lines of policy in the struggle to suppress counter revolution; not wanting political parties which represent the national bourgeoisie; not wanting the enlightened gentry; neglecting the tactical importance of narrowing the scope of attack in the new Liberated Areas (that is, neglecting to neutralize the rich peasants and small landlords); and lacking the patience to work step by step.[139]

These warnings amounted to an admonition to unite with as many as possible. At one time, Mao carried "unity" so far as to suggest that the party should unite with some traitors and pro-Japanese elements![140]

On the whole, Mao's policies reflected both alliance and struggle. He insisted not only on unity with the national bourgeoisie and others but also on struggle against them at the same time. Thus, an economic policy of simultaneously lowering and guaranteeing landlords' rents would have to be accompanied by educational efforts among peasants to explain the exploitative nature of *all* rents, high or low. Policies such as these, Mao believed, were not conciliatory ones but rather dual policies. "In labour policy, it is the dual policy of suitably improving the workers' livelihood and of not hampering the proper development of the capitalist economy. In agrarian policy, it is the dual policy of requiring the landlords to reduce rent and interest and of stipulating that the peasants should pay the reduced rent and interest."[141]

Mao Looks into the Future

From late 1947 until the Communists came to power throughout China, Mao gave increasing attention to how China would develop economically after the liberation. He saw the capitalist sector as an indispensable part of the economy; there would also be a rich peasant sector in the rural areas. But these sectors would be dominated by the "huge state enterprises" taken over by the Communists from the bureaucrat capitalist class and by the vast agricultural economy liberated from feudalism. In December 1947, Mao visualized three sectors in

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the economic structure of the new China: "(1) the state-owned economy, which is the leading sector; (2) the agricultural economy, developing step by step from individual to collective; and (3) the economy of small independent craftsmen and traders and the economy of small and middle private capital."[142]

A year later Mao explained that although capitalism would be allowed to develop, it "will not be unrestricted and uncurbed as in the capitalist countries."[143] Moreover, individual agriculture would have to be gradually transformed to cooperative agriculture. "If there were only a state-owned economy and no co-operative economy, it would be impossible for us to lead the individual economy of the labouring people step by step towards collectivization, impossible to develop from the new-democratic society to the future socialist society and impossible to consolidate the leadership of the proletariat in the state power."[144] Mao believed in June 1949, however, that it would not be possible to consolidate the victory without the help of the Soviet Union.[145]

After liberation, "the people" would comprise workers, peasants, urban petty bourgeoisie, and the national bourgeoisie. The monopoly capitalist class and the landlords would be "eliminated for good." The national bourgeoisie can eventually be educated to accept socialism. "When the time comes to realize socialism, that is, to nationalize private enterprise, we shall carry the work of educating and remoulding them a step further."[146] The peasantry's education is the serious problem. There would have to be socialization of agriculture, for without it "there can be no complete, consolidated socialism. The steps to socialize agriculture must be co-ordinated with the development of a powerful industry having state enterprise as its backbone."[147]

Mao was apprehensive about entering the cities. "The centre of gravity of the Party's work has shifted from the village to the city. . . . We must do our utmost to learn how to administer and build the cities. . . . If we do not pay attention to these problems . . . we shall be unable to maintain our political power, we shall be unable to stand on our feet, we shall fail."[148]

Mao had come full circle: he had in the 1920s turned his

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back on the cities and found revolutionary fires in the countryside; the fires had eventually spread across the lands of China until Mao stood again facing the cities and once again fearful of them. The cities were destined to haunt Mao in the coming years as they had puzzled and frustrated him in the past.

Notes

1. There has been much controversy about Mao's rural strategy. The position associated with Trotsky is that Mao was not only divorced from the urban proletariat after 1927 but really had no firm class basis at all. Mao's armies, it is claimed, were initially composed in the main of the lumpenproletariat, including local bandits, jobless agricultural laborers, and mutinous soldiers, and only later of large numbers of peasants. Even the few urban workers in these armies were imported into the base areas. In view of these weaknesses, the argument concludes, the Chinese Communist Party was bound to smother the emergence of urban democracy—a workers' state—and to develop into a totalitarian party, since it had only, at best, a petty-bourgeois base. Mao's movement was in the countryside, not in the cities. See Harold Isaacs, *The Tragedy of the Chinese Revolution* (Stanford: Stanford University Press, 1961), pp. 30-31, 52, 309-28. See also Leon Trotsky, *Problems of the Chinese Revolution* (Ann Arbor: University of Michigan Press, 1967) and Isaac Deutscher, "Maoism—Its Origins and Outlook" in *Ironies of History* (London: Oxford University Press, 1966; Palo Alto: Ramparts Press, 1971, paper).

   I recently ran across the same view of Mao's class basis in Nikita Khrushchev's memoirs, *Khrushchev Remembers* (Little, Brown & Co., 1970), pp. 462-63 as follows:

   > When Mao's victorious revolutionary army was approaching Shanghai, he halted their march and refused to capture the city. Stalin asked Mao, "Why didn't you take Shanghai?"
   >
   > "There's a population of six million there," answered Mao. "If we take the city, then we'll have to feed all those people. And where do we find food to do it?"
   >
   > "Now, I ask you, is that a Marxist talking?"

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> Mao Tse-tung has always relied on the peasants and not on the working class. That's why he didn't take Shanghai. He didn't want to take responsibility for the welfare of the workers. Stalin properly criticized Mao for this deviation from true Marxism. But the fact remains that Mao, relying on the peasants and ignoring the working class, achieved victory. Not that his victory was some sort of miracle, but it was certainly a new twist to Marxist philosophy since it was achieved without the proletariat. In short, Mao Tse-tung is a petty-bourgeois whose interests are alien, and have been alien all along, to those of the working class.

2. The Great Leap Forward, in particular, contained guerrilla warfare tactics: an emphasis on the human will rather than on weapons and machines; on local mobility (large units marching to economic tasks such as water control projects) and on self-reliance in local areas; on a centralized strategic command but decentralized command in campaigns and battles; on the concentration of forces against an enemy's weakness, in this case agriculture's weak industrial base. The Great Leap certainly had a military flavor but, additionally, it was a guerrilla operation, so much so that "central headquarters" lost track of many of the local "battles."
3. Mao Tse-tung, "Report on an Investigation of the Peasant Movement in Hunan," in *Selected Works of Mao Tse-tung* (Peking: Foreign Languages Press, 1965), I:46. Hereafter, these selected works will be denoted by *S.W.* and the volume number.
4. See, for example, Mao, "Pay Attention to Economic Work," *S.W.*, I:135-36, and Mao, "The United Front in Cultural Work," *S.W.*, III:235, where it is stated: "In our work the war comes first, then production, then cultural work."
5. Mao, "Pay Attention . . . , op. cit., p. 130.
6. Mao, "Production Is also Possible in the Guerrilla Zones," *S.W.*, III:250.
7. That some attention, nevertheless, could be given in this early period to increasing the productive forces is clear in Mao, "Pay Attention . . . ," op. cit., p. 131.
8. Mao, "Economic and Financial Problems," *S.W.*, III:111-12.
9. Mao, "On Production by the Army for Its Own Support and on the Importance of the Great Movements for Rectification and for Production," *S.W.*, III:326.

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10. Ibid., pp. 327-28.
11. Han Suyin, *The Morning Deluge* (Boston: Little, Brown & Co., 1972), p. 216.
12. See Mao, "The Struggle in the Chingkang Mountains," *S.W.*, I:90; "Pay Attention . . . ," op. cit., pp. 129-33; "Our Economic Policy," *S.W.*, I:141-45. See also V. A. Yakhontoff, *The Chinese Soviets* (New York: Coward-McCann, 1934), pp. 269-71, 279-80.
13. Mao, "The Struggle . . . ," op. cit., p. 89.
14. Mao, "Our Economic Policy," op. cit., p. 143.
15. Mao, "Why Is It that Red Political Power Can Exist in China?" *S.W.*, I:69. See also Edgar Snow, *Red Star Over China* (New York: Random House, 1938), p. 154.
16. Mao, "Our Economic Policy," op. cit., pp. 141-42; and Kuo-chun Chao, *Agrarian Policy of the Chinese Communist Party* (Bombay and New York: Asia Publishing House, 1960), pp. 33-34.
17. Yakhontoff, op. cit., p. 162. See also Isaacs, op. cit., pp. 339-42.
18. Snow, op. cit., p. 57.
19. Ibid., p. 211.
20. Ibid., p. 243.
21. Gunther Stein, *The Challenge of Red China* (New York: McGraw-Hill, 1945), p. 87.
22. Peter Schran, "Guerrilla Economy," unpublished manuscript, pp. 3.42-3.43.
24. Schran, op. cit., pp. 7.57-7.59.
25. Snow, op. cit., pp. 151-52.
26. See "Resolution on Certain Questions in the History of our Party," *S.W.*, III:177-220. The moderate nature of Mao's policies is best seen in this statement from the Resolution (p. 195):

> He [Mao] pointed out that after the big bourgeoisie's betrayal of the revolution [April 1927] there was still a difference between the liberal bourgeoisie and the comprador bourgeoisie; that there were still broad strata of people who demanded democracy and especially demanded a fight against imperialism; that it was therefore necessary to treat the various intermediate classes correctly and do everything possible to make an alliance with them or neutralize them; and that in the country-

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side it was necessary to treat the middle and rich peasants correctly ("taking from those who have a surplus and giving to those who have a shortage and taking from those who have better and giving to those who have worse" while firmly uniting with the middle peasants, protecting the well-to-do middle peasants, providing certain economic opportunities for the rich peasants and also enabling the ordinary landlord to make a living).

But Chao, op. cit., p. 18, stated that Mao's policy was to show no mercy to the rich peasants. Although Mao may in fact have acted this way at one time or another, this cannot be said to have been his policy. Mao later stated that all of his policies were within the framework of the bourgeois-democratic revolution, which included the maintenance of a rich peasant economy. But he did carry out, from time to time, Moscow's tough line on rich peasants, e.g., in the land investigation movement. On this, see Tso-liang Hsiao, *The Land Revolution in China: 1930-1934* (Seattle: University of Washington Press, 1969), pp. 291-92.

Mao's ideas about the class structure of China were worked out at an early date but improved later on, at the end of the 1930s. This class structure was as follows:

1. Landlords
   a. Big landlords (along with the big bourgeoisie, called the bureaucrat capitalist class, monopoly capital, or diehards)
   b. Middle and small landlords
   c. Enlightened gentry (individual landlords and rich peasants with democratic leanings)
2. Bourgeoisie
   a. Comprador or big bourgeoisie, including pro-Japanese; and pro-European, pro-American
   b. National bourgeoisie (also called the middle bourgeoisie)
3. Petty bourgeoisie
   a. Intellectuals and students
   b. Small tradesmen
   c. Handicraftsmen
   d. Professionals
4. Peasantry
   a. Rich peasants (rural bourgeoisie)
   b. Middle peasants, including well-to-do peasants and others
   c. Poor peasants
   d. Farm laborers

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5. Proletariat
   a. Modern industrial workers
   b. Others
6. Vagrants, prostitutes, criminals

See Mao, "The Chinese Revolution and the Chinese Communist Party," *S.W.*, II:319-26.

27. John E. Rue, *Mao Tse-tung in Opposition: 1927-1935* (Stanford: Stanford University Press, 1966), pp. 83-84.
28. Hsiao, op. cit., pp. 160-61, in "The Rich-Peasant Problem."
29. Mao, "The Struggle . . . ," op. cit., p. 90. See also Rue, op. cit., pp. 112, 198.
30. See, however, Benjamin I. Schwartz, *Chinese Communism and the Rise of Mao* (New York: Harper and Row, 1951), pp. 175, 177, and 181, where it is indicated that in 1930 an anti-Mao faction in Kiangsi called for opposition to "the practice of dividing land on the basis of the possession of tools and labor power"—as though Mao were doing this. This faction also called for a policy of dividing the land equally.
31. C. Brandt, B. Schwartz, and J. K. Fairbank, *A Documentary History of Chinese Communism* (London: G. Allen & Unwin, 1952), p. 226.
32. Rue, op. cit., p. 201.
33. Ibid.
34. Snow, op. cit., p. 216.
35. Ibid., p. 217.
36. Mark Selden, *The Yenan Way* (Cambridge: Harvard University Press, 1971), p. 80.
37. Ibid., p. 86. See Selden's data on pp. 84, 86.
38. Ibid., p. 87.
39. Ibid., p. 100.
40. Brandt et al., op. cit., p. 278. The document is the "Decision of the Central Committee on Land Policy in the Anti-Japanese Base Areas," January 28, 1942.
41. Mao, "Rent Reduction and Production Are Two Important Matters for the Defense of the Liberated Areas," *S.W.*, IV: 71-72.
42. Mao, "A Three Months' Survey," *S.W.*, IV:118.
43. Chao, op. cit., p. 77.
44. Mao, "Smash Chiang Kai-shek's Offensive by a War of Self-Defense," *S.W.*, IV:89-90.

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45. Mao, "Greet the New High Tide of the Chinese Revolution," *S.W.*, IV:123-24.
46. Mao, busy with other things elsewhere, may not have been consulted about this land law and so its leftist orientation may have been directed and fashioned by others. See Jerome Ch'en, ed., *Mao* (Englewood Cliffs, N.J.: Prentice-Hall, 1969), p. 93, n. 14.
47. Mao, "The Present Situation and Our Tasks," *S.W.*, IV: 174-75.
48. Mao, "Speech at a Conference of Cadres in the Shansi-Suiyuan Liberated Area," *S.W.*, IV:237-38. In this speech, Mao clarified his past policies by emphasizing the reactionary nature of measures leading to absolute equalitarianism (pp. 23-36):

> We support the peasants' demand for equal distribution of land in order to help arouse the broad masses of peasants speedily to abolish the system of landownership by the feudal landlord class, but we do not advocate absolute equalitarianism. Whoever advocates absolute equalitarianism is wrong.

49. Mao, "Tactical Problems of Rural Work in the New Liberated Areas," *S.W.*, IV:251-52.
50. Hsiao, op. cit., pp. 79-80, 82-83, and 202-5. The important document is "The Land Investigation Drive Is the Central Task of Great Magnitude in Vast Areas," pp. 202-5, presumably written by Mao in June 1933.
51. [Mao?], "Conclusions Reached by the Conference of Responsible Soviet Authorities by Eight Counties on and above the District Level on the Land Investigation Drive," June 29, 1933, in Hsiao, op. cit., p. 218.
52. Mao, "Preliminary Conclusions Drawn from the Land Investigation Drive," August 29, 1933, in Hsiao, op. cit., pp. 247-49.
53. Rue, op. cit., p. 259.
54. Suyin, op. cit., p. 255.
55. Stuart Schram, *Mao Tse-tung* (Baltimore: Penguin Books, 1967), pp. 166-68.
56. Mao, *S.W.*, I:54-55.
57. Ibid., pp. 52-55.
58. Ibid., p. 142.
59. Ibid., p. 145, n. 2.

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60. Ibid., p. 144.
61. Snow, op. cit., p. 218.
62. Ibid., pp. 221-22.
63. Stein, op. cit., pp. 165-66.
64. Ibid., pp. 211-15.
65. Mao, "Get Organized," *S.W.*, III:156-57.
66. Mao, "Report on . . . ," op. cit., pp. 44-46.
67. Brandt et al., op. cit., p. 159.
68. Ibid., p. 223.
69. Mao, "Our Economic Policy," op. cit., p. 142.
70. Chao, op. cit., p. 67.
71. Jack Belden, *China Shakes the World* (New York: Monthly Review Press, 1970), p. 316. Gold Flower's story is on pp. 275-309. Also see Jan Myrdal, *Report from a Chinese Village* (New York: Pantheon Books, 1965) for many stories of peasant women before and after liberation; Stein, op. cit., pp. 251-59; Harrison Forman, *Report from Red China* (New York: H. Holt & Co., 1945), pp. 67-70, 154-59.
72. Selden, op. cit., p. 260.
73. Mao, "Report on . . . ," op. cit., pp. 44, 46.
74. Ibid., p. 25.
75. Ibid., p. 27.
76. Ibid., pp. 29, 56-57.
77. Ibid., pp. 28, 56. This reminds me of what Lenin once said about a wealthy engineer, a former Bolshevik, who had become fearful of a workers' revolution: "He was willing to accept the social revolution if history were to lead to it in the peaceful, calm, smooth and precise manner of a German express train pulling into a station. A sedate conductor would open the carriage door and announce: 'Social Revolution Station! All change.'" Lenin, "Can the Bolsheviks Retain State Power?" *Selected Works* (New York: International Publishers, 1967), 2: 409.
78. Mao, "Report on . . . ," op. cit., pp. 31-32.
79. Ibid., pp. 46-47, 58.
80. Mao, "The Struggle . . . ," op. cit., p. 91. This insistence that revolutionary practice is a necessary ingredient in the education of peasants shows up in Mao's writings in many forms. For example, the narrow geographical interests of peasants—"localism"—was a problem for Mao. In eliminating this, he writes (p. 93), "reasoning can at best produce only limited

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results, and it takes White [Kuomintang] oppression, which is by no means localized, to do much more. For instance, it is only when counter-revolutionary 'joint suppression' campaigns by the two provinces make the people share a common lot in struggle that their localism is gradually broken down. Localism is declining as a result of many such lessons."

81. Mao, "On Correcting Mistaken Ideas in the Party," *S.W.*, I. 105-15.
82. See, for example, ibid., p. 112.
83. Mao, "Be Concerned with the Well-Being of the Masses, Pay Attention to Methods of Work," *S.W.*, I:150.
84. Mao, "On Correcting Mistaken Ideas . . . ," op. cit., pp. 107-9.
85. Mao, "Pay Attention . . . ," op. cit., p. 134.
86. Ibid., p. 134. See also Mao, "Be Concerned . . . ," op. cit, pp. 150-51.
87. Ibid., pp. 135, 151.
88. Mao, "Report on . . . ," op. cit., p. 46.
89. Mao, "Pay Attention . . . ," op. cit., pp. 135-36.
90. Boyd Compton, ed., *Mao's China: Party Reform Documents, 1942-1944* (Seattle: University of Washington Press, 1952), p. xxxvii.
91. Ibid., p. xxxix.
92. Selden, op. cit., p. 188. It should be noted, however, that the background of the Rectification Movement extends at least to May 1937, when Mao called for raising "the Marxist-Leninist theoretical level of the whole Party." See Mao, "The Tasks of the Chinese Communist Party in the Period of Resistance to Japan," *S.W.*, I:275.

Mao expressed the need for such studies in October 1938

> Generally speaking, all Communist Party members who can do so should study the theory of Marx, Engels, Lenin and Stalin . . . [this theory] is universally applicable. We should regard it not as a dogma, but as a guide to action. . . . For us, therefore, the spreading and deepening of the study of Marxism-Leninism presents a big problem demanding an early solution which is possible only through concerted effort. . . . Another of our tasks is to study our historical heritage and use the Marxist method to sum it up critically. . . . For the Chinese Communist Party, it is a matter of learning to apply the theory of Marxism-Leninism to the specific circumstances of

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China. (Mao, "The Role of the Chinese Communist Party in the National War," *S.W.*, II:208-9)

Furthermore, in early 1939, four thousand cadres and students were involved in a study group in Yenan, and Mao spoke a few times in 1941 on the need for this study campaign as a way to improve party work and spirit.

But the Rectification Movement itself was officially begun on February 1, 1942, when Mao spoke in a Yenan lecture hall to more than a thousand party members on what is now known as "Rectify the Party's Style of Work," in *S.W.*, III:35-51.

93. Mao, "Rectify . . . ," op. cit., III:35. See also Compton, op. cit., p. 9.
94. Mao, "Rectify . . . ," op. cit., p. 44.
95. Mao, "Reform in Learning, the Party, and Literature," in Compton, op. cit., p. 21. This speech was later officially titled "Rectify the Party's Style of Work." In this later version, Mao altered the passage cited, though it retained the same meaning.
96. Mao, "Resolution on Certain Questions . . . ," op. cit., pp. 210-12.
97. Mao, "Rectify . . . ," op. cit., p. 43.
98. Mao, "Talks at the Yenan Forum on Literature and Art," *S.W.*, III:73-74.
99. Mao, "On Practice," *S.W.*, I:295-96.
100. Mao, "Where Do Correct Ideas Come From," in K. Fan, ed., *Mao Tse-tung and Lin Piao, Post-Revolutionary Writings* (New York: Anchor Books, 1972), pp. 267-68. For an earlier statement of the same idea, see Mao, "On Practice," op. cit., p. 297.
101. Mao, "On Contradiction," *S.W.*, I:311. In recent years, Mao has continued to use the law of contradictions to analyze economic matters. See his "On the Ten Great Relationships," in Ch'en, op. cit., pp. 65-85.
102. Mao, "On Contradiction," op. cit., pp. 311-47. Many of the statements in the paragraph are in fact quotations from this article or close paraphrases.
103. Ibid., pp. 321-22. See also p. 325 for an example of how the principal contradiction can change within a given process.
104. "Resolution of the Central Committee of the Chinese Com-

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munist Party on the Education of Cadres in Service," in Compton, op. cit., pp. 83-84. See also Mao, "Reform Our Study," *S.W.*, III:22, where Mao states that a Marxist-Leninist does not "chop up history."

105. Mao later referred to subjectivism, bureaucracy, and sectarianism as the three errors in one's way of thinking and style of work. See Fan, op. cit., pp. 204-5.
106. Mao, "Rectify . . . ," op. cit., pp. 37-39. See also "Resolution on Certain Questions . . . ," op. cit., pp. 210-13, 215-16.
107. Mao, "Rectify . . . ," op. cit., p. 41.
108. Ibid., pp. 41-42, 49.
109. Ibid., p. 47. See also "All Sectarian Ideas Are Subjectivist," p. 49.
110. Mao, "Oppose Stereotyped Party Writing," *S.W.*, III:53.
111. Mao, "In Opposition to Party Formalism," in Compton, op. cit., pp. 38-45. This essay is revised in *S.W.*, III:56-62, under the title "Oppose Stereotyped Party Writing."
112. Ibid., p. 54.
113. This is in the original version of the essay. See Compton, op. cit., p. 34.
114. Mao, "Oppose . . . ," op. cit., p. 55.
115. Ibid., p. 63.
116. "Resolution of the Central Committee of the Chinese Communist Party on the Yenan Cadre School," in Compton, op. cit., p. 77. I assume that this resolution was written by Mao or at least that it faithfully reflected his views.
117. "Resolution . . . on the Education of Cadres . . . ," in Compton, op. cit., p. 80. Stalin stated that "Cadres decide everything," which Mao quotes. See also Mao, "Some Questions Concerning Methods of Leadership," *S.W.*, III:117-22; "On Coalition Government," *S.W.*, III:315-17. In recent years, Mao has repudiated Stalin's saying by emphasizing that the statement leaves out the masses and is therefore elitist and one-sided.
118. Mao, "On the People's Democratic Dictatorship," *S.W.*, IV: 411.
119. Mao, "On Contradiction," op. cit., p. 315.
120. Ibid., p. 321.
121. Ibid., p. 336.
122. Ibid.

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123. I cannot locate the source of this quotation, but Mao has expressed this thought many times. See, for example, *Miscellany of Mao Tse-tung Thought* (Arlington, Va.: Joint Publications Research Service, 1974), pp. 195-96, 259, 269, 289.
124. Selden, op. cit., p. 274.
125. Mao, "Sixty Points on Working Methods," in Jerome Ch'en, ed., *Mao Papers* (London: Oxford University Press, 1970), pp. 62-63.
126. Mao, "The Chinese Revolution . . . ," op. cit., pp. 307-9. This part of the essay was drafted by others but revised and approved by Mao. See also Mao, "On New Democracy," *S.W.*, II:341.
127. Mao, "On New Democracy," op. cit., p. 341.
128. Ibid., pp. 342-44, 348.
129. Mao, "The Chinese Revolution . . . ," op. cit., pp. 326-27.
130. See fn. 26 for Mao's analysis of classes.
131. Mao, "The Chinese Revolution . . . ," op. cit., p. 327.
132. Mao, "On Tactics Against Japanese Imperialism," *S.W.*, I:169.
133. Mao, "On Policy," *S.W.*, II:445-47.
134. Mao, "The Tasks . . . ," op. cit., p. 271. See also "The Orientation of the Youth Movement," *S.W.*, II:242.
135. Mao, "On Coalition Government," op. cit., p. 297.
136. Mao, "The Struggle . . . ," op. cit., p. 98.
137. Mao, "Report to the Second All-China Soviet Congress," in Brandt et al., op. cit., p. 235. Also Mao, "Problems of Strategy in China's Revolutionary War," *S.W.*, I:249-50, where Mao discusses the left opportunism of 1931-1934. See also his, "Our Study and the Current Situation," *S.W.*, III: 165 and "Resolution on Certain Questions . . . ," op. cit., p. 195.
138. Mao, "The Present Situation . . . ," op. cit., pp. 168-69. See also pp. 164-65.
139. Mao, "A Circular on the Situation," *S.W.*, IV:219. See also Mao, "Speech at a Conference of Cadres in the Shansi-Suiyuan Liberated Areas," *S.W.*, IV:228-29; "On Some Important Problems of the Party's Present Policy," *S.W.*, IV: 182-86.
140. Mao, "On Policy," *S.W.*, II:443. See also "Unity to the Very End," *S.W.*, II:437-39.

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141. Mao, "Postscript to Rural Surveys," *S.W.*, III:14-15. See also "Speech at the Assembly of Representatives of the Shensi-Kansu-Ninghsia Region," *S.W.*, III:32-33.
142. Mao, "The Present Situation . . . ," op. cit., pp. 168-69.
143. Mao, "Report to the Second Plenary Session of the Seventh Central Committee of the Communist Party of China," *S.W.*, IV:368.
144. Ibid., p. 369.
145. Mao, "On the People's Democratic Dictatorship," *S.W.*, IV: 416-17.
146. Ibid., p. 419.
147. Ibid.
148. Mao, "Report to the Second Plenary Session . . . ," op. cit., pp. 363-64.

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